

BENG SOON MACHINERY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1987

2023 ANNUAL REPORT





CONTENTS

Corporate Information	2
Chairman's Statement	4
Biographies of Directors and Senior Management	6
Management Discussion and Analysis	11
Directors' Report	16
Corporate Governance Report	30
Independent Auditor's Report	48
Consolidated Statement of Profit or loss and Other Comprehensive Income	54
Consolidated Statement of Financial Position	55
Consolidated Statement of Changes in Equity	57
Consolidated Statement of Cash Flows	58
Notes to the Consolidated Financial Statements	59
Financial Summary	115

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tan Chee Beng (*Chairman and Chief Executive Officer*)
Ms. Tang Ling Ling
Mr. Tan Wei Leong
Mr. Cheung Kam Fai
Mr. Ngan Kim Fung

Independent Non-Executive Directors

Mr. Wee Chorng Kien
Mr. Leung Yau Wan John
Mr. Leung Kee Wai

AUDIT COMMITTEE

Mr. Leung Yau Wan John (*Chairman*)
Mr. Wee Chorng Kien
Mr. Leung Kee Wai

NOMINATION COMMITTEE

Mr. Tan Chee Beng (*Chairman*)
Mr. Wee Chorng Kien
Mr. Leung Kee Wai

REMUNERATION COMMITTEE

Mr. Leung Yau Wan John (*Chairman*)
Mr. Tan Chee Beng
Ms. Tang Ling Ling
Mr. Wee Chorng Kien
Mr. Leung Kee Wai

COMPANY SECRETARY

Mr. Wong Chi Wai

AUTHORISED REPRESENTATIVES

Mr. Tan Chee Beng
Mr. Wong Chi Wai

AUDITOR

McMillan Woods (Hong Kong) CPA Limited
Certified public accountants
Registered Public Interest Entity Auditor
24/F., Siu On Centre
188 Lockhart Road, Wanchai
Hong Kong

LEGAL ADVISOR

Seyfarth Shaw
Suite 3701, Edinburgh Tower
The Landmark
15 Queen's Road Central
Central, Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman
KY1-1108
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

21 Tuas South Street 7
Singapore 637111

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

12/F., Ruttonjee House
Ruttonjee Centre
11 Duddell Street
Central
Hong Kong

CORPORATE INFORMATION (CONTINUED)

COMPANY'S WEBSITE

<http://www.bsm.com.sg/>

PRINCIPAL SHARE REGISTRAR

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

DBS Bank Ltd
12 Marina Boulevard
#43 MBFC Tower 3
Singapore 018982

United Overseas Bank Limited
325 Boon Lay Place #02-00
Singapore 649886

STOCK CODE

1987

LISTING DATE

8 November 2019

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of Directors (the "**Directors**") of Beng Soon Machinery Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), I am pleased to present the annual results of the Group for the year ended 31 December 2023 ("**FY2023**").

BUSINESS REVIEW

The Group is an established and leading services provider in Singapore with operational history of over 30 years in taking up demolition projects in both the public and private sectors, including demolition of industrial buildings, power stations, chemical plants, high rise commercial, educational institutions, and residential properties, bridges, and marine structures, public roads, and infrastructure.

In FY2023, the Group experienced a decline in total revenue, amounting to S\$3.3 million or 10.1%, compared to FY2022, reducing from S\$32.7 million to S\$29.4 million. This decrease primarily stems from the significant downturn in salvage material prices, reflecting weakened demand in Singapore and other markets, notably Mainland China, due to adverse market conditions prevalent across Asia during the period. Consequently, these factors collectively impacted the Group's revenue, business operations, and financial performance during this timeframe. Despite these challenges, management diligently implemented measures to sustain the gross profit margin. Notably, the Group achieved a gross profit margin of 31.5% in FY2023, representing a slight increase from 29.0% in FY2022. This achievement underscores management's commitment to optimizing operational efficiency and financial resilience amidst challenging market dynamics.

Throughout FY2023, I am delighted to share that our Company has accomplished the demolition of the renowned Singapore AXA Tower, a towering landmark that once stood as the city's 16th-tallest skyscraper, reaching an impressive height of 234.7 meters (770 feet) and proudly holding the title of the world's tallest cylindrical building. This achievement is truly remarkable, as it marks a historic milestone. Besides, the Group successfully secured 16 demolition projects for various types of buildings, including residential blocks and factory buildings in Singapore, and completed 11 demolition projects (including ongoing projects from FY2022). The Group's outstanding projects secured in FY2023 are progressing on schedule, with an expected total revenue of approximately S\$12.0 million. Further details on the Group's financial performance are provided in the Management Discussion and Analysis section of this report.

LOOKING AHEAD

According to the latest data from the Singapore's Ministry of Trade and Industry, the Singaporean economy improved by 1.1% in 2023 and estimated that the GDP growth forecast for 2024 is 1.0% to 3.0%.

The construction sector has demonstrated consistent expansion, with forecasts from the Building and Construction Authority (BCA) in Singapore indicating a projected total construction demand for 2024 ranging between S\$32 billion and S\$38 billion, compared to the preliminary construction demand of S\$33.8 billion in 2023. This growth is expected to be primarily propelled by the public sector, contributing between S\$18 billion and S\$21 billion, primarily from public housing and infrastructure projects, while the private sector is anticipated to contribute between S\$14 billion and S\$17 billion, driven by factors including residential developments, commercial premises redevelopment, and industrial facility development.

The demolition industry in Singapore is primed for sustained growth, supported by government economic incentives and the ongoing evolution of the construction sector. The Group is committed to capitalizing on these opportunities, while also remaining dedicated to its core operations. Actively seeking new avenues to enhance shareholder value and expand its portfolio, we are confident in our ability to navigate challenges and leverage emerging market trends proficiently.

CHAIRMAN'S STATEMENT (CONTINUED)

APPRECIATION

Finally, on behalf of the Board, I extend my heartfelt gratitude to our shareholders, investors, and business partners for their unwavering support throughout FY2023. I also express sincere appreciation to my fellow Board members, the management team, and all staff for their dedication and hard work. Together, we look forward to another successful year ahead.

Tan Chee Beng

Chairman, Chief Executive Officer and Executive Director

Singapore

28 March 2024

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Tan Chee Beng (“Mr. Tan”), aged 69, is the founder and chairman of (the Company, together with its subsidiaries, the “Group”), chief executive officer, an executive director of the Company (the “Director(s)”), chairman of the nomination committee of the Board and a member of the remuneration committee of the Board. Mr. Tan was appointed as a Director on 6 April 2018, and was re-designated as the executive Director on 25 June 2018. Mr. Tan is responsible for the overall management, business development and formulation of business strategy of the Group.

Mr. Tan has over 30 years of experience in the demolition industry. In 1979, Mr. Tan established a sole proprietorship in the trade name of Beng Soon Machinery Service Co, providing demolition services as a general contractor in Singapore. Mr. Tan founded Beng Soon Machinery Services (Singapore) Pte Ltd (“**Beng Soon Machinery**”), the principal operating subsidiary of the Group, in 1993 as a limited liability company. Mr. Tan has been the managing director of Beng Soon Machinery since its incorporation, and was mainly responsible for the overall management, operation, as well as the growth of, Beng Soon Machinery.

Mr. Tan was awarded The Public Service Medal (Pingat Bakti Masyarakat) and The Public Service Star (Bintang Bakti Masyarakat) in 2010 and 2017, respectively, which recognize individuals who have rendered commendable public service or achievement in Singapore.

Mr. Tan obtained a certificate of completion of the Building Construction Supervisors Safety Course conducted by the BCA in July 2008. Mr. Tan holds a certificate of completion of the Essential Knowledge in Construction Regulations & Management for Licensed Builders Course conducted by the BCA in April 2009.

Mr. Tan is a controlling shareholder and the spouse of Ms. Lee Peck Kim (“**Ms. Lee**”), who is also a controlling shareholder, and father of Mr. Tan Wei Leong, who is an executive Director.

Ms. Tang Ling Ling (Alias: Chen Ling Ling) (“Ms. Tang”), aged 51, is the general manager of Beng Soon Machinery, an executive Director of the Company and a member of the remuneration committee of the Board. Ms. Tang was appointed as a Director on 6 April 2018, and was re-designated as an executive Director on 25 June 2018. Ms. Tang is responsible for the overall management and operation, and in particular human resources and tenders of the Group.

Ms. Tang has worked in the demolition industry for more than 20 years. Ms. Tang joined Beng Soon Machinery in April 2000 as an administration/personnel executive and has been Beng Soon Machinery’s general manager since June 2009.

Ms. Tang obtained a diploma in management studies from the Singapore Institute of Management, Singapore in October 2002. Ms. Tang obtained a certificate of completion of the Asbestos Removal and Management Course co-conducted by the National Environment Agency and the Ministry of Manpower in July 2005, two certificates of completion issued by EQS Asia Pte. Ltd., Singapore, one in Workplace Risk Assessment Training in August 2006 and the other in Workplace Safety and Health Act Training in October 2006, a certificate of attendance of the bizSAFE Risk Management Course conducted by Team6 Safety Training and Consultancy(s) Pte. Ltd. in June 2010, certificates of completion of the Demolition Safety Course, bizSAFE Level 1 Workshop for company CEO/Top Management and the Project Management for Construction Professionals in Building & Construction Industry conducted by the BCA in March 2009, March 2009 and October 2011, respectively, and a certificate of completion of the Building Construction Supervisors Safety Course conducted by Absolute Kinetics Consultancy Pte. Ltd. in October 2013. Additionally, Ms. Tang obtained a certificate for the Manage Demolition of Building and Structure Course conducted by the SCAL Academy in November 2023.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Tan Wei Leong (“Mr. Alvin Tan”), aged 33, is Director of Beng Soon Machinery and an executive Director of the Company. Mr. Alvin Tan was appointed as a Director on 6 April 2018, and was re-designated as an executive Director on 25 June 2018. Mr. Alvin Tan is responsible for the overall management, administration and development of the recycling and logistics the Group.

Mr. Alvin Tan has worked in the demolition field for more than 10 years. Mr. Alvin Tan joined Beng Soon Machinery in April 2011 as a project coordinator. Mr. Alvin Tan was subsequently promoted to the position of project executive from June 2013 to July 2014 and recycling and logistics manager in July 2017. Mr. Alvin Tan was promoted to his current position as Director of Beng Soon Machinery in January 2020.

Mr. Alvin Tan obtained a diploma in civil and environmental engineering from Ngee Ann Polytechnic, Singapore in May 2011. Being sponsored by the Group to further his studies in engineering, Mr. Alvin Tan obtained a bachelor of engineering (mechanical) degree with honours from the Singapore campus of University of Newcastle, Australia in October 2017.

Mr. Alvin Tan completed the Building Construction Supervisor Safety Course conducted by NTUC LearningHub Pte. Ltd. in March 2011. Additionally, he obtained a certificate for the Registered Earthwork Supervisor Course conducted by the Building and Construction Authority (BCA) in July 2017, and a certificate for the Manage Demolition of Building and Structure Course conducted by the SCAL Academy in September 2023.

Mr. Alvin Tan is the son of Mr. Tan, who is the founder and chairman of the Group, chief executive officer, a controlling shareholder and an executive Director, and son of Ms. Lee, who is a controlling shareholder and spouse of Mr. Tan.

Mr. Cheung Kam Fai (張錦輝) (“Mr. Cheung”), aged 51, was appointed as a Director on 6 April 2018, and was re-designated as a non-executive Director on 25 June 2018. He was re-designated an Executive Director on 15 September 2021. Mr. Cheung is primarily responsible for overseeing and supervising the management of the Group independently.

Mr. Cheung was a managing director of Baron Group International Limited from January 2012 to September 2014 and was mainly responsible for the overall group’s operation and development in China.

Mr. Ngan Kin Fung (顏建峰) (Mr. Ngan), aged 48, was appointed as a Director on 15 March 2022. Mr. Ngan is primarily responsible for the asset management and business development of the Group.

He has been the executive director of Kirin Wealth Management Ltd. since July 2016. Before that, he worked at AMTD Financial Planning Ltd. from December 2004 to May 2014, with his last position being regional director and also worked at GET Mdream Wealth Management Ltd. from May 2014 to June 2016, with his last position being district director. Mr. Ngan obtained a degree of Bachelor of Science (Physics) from The Chinese University of Hong Kong in July 2000.

* For identification purpose only

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wee Chornng Kien (“Mr. Wee”), aged 50, was appointed as an independent non-executive Director, a member of the audit committee of the Board, a member of the remuneration committee of the Board and a member of the nomination committee of the Board on 15 October 2019. Mr. Wee is primarily responsible for supervising the management of the Group independently.

Mr. Wee has over 20 years of investment experience and has held various positions in the investment and private equity industry. Mr. Wee has served as the chief executive officer of Celligenics Pte. Ltd., a company principally engaged in research and development of regenerative biotechnology, since August 2016. Prior to his current positions, Mr. Wee has been active in the financial industry since late 1999.

Mr. Wee obtained a bachelor of arts (economics and Southeast Asian studies) degree from National University of Singapore in July 1998. In 2024, Mr. Wee marks his tenth year as President of the Association of Small & Medium Enterprises in Singapore (ASME), a role he assumed in November 2013. Currently, he holds the position of Immediate Past President and continues to contribute as a member of ASME’s Advisory Board. Additionally, he is a council member of the Singapore Business Federation and the chairman of the Small and Medium-Sized Enterprises Committee, and an executive committee member of the Singapore Children’s Society since 2007 and Payments Committee Member of Monetary Authority of Singapore since 2021. Mr. Wee served as a member of the Corporate Governance Council of the Monetary Authority of Singapore from February 2017 to August 2018. Mr. Wee was appointed as a Justice of the Peace for Singapore in April 2018.

Mr. Leung Yau Wan John (梁又穩) (“Mr. John Leung”), aged 64, has been our independent non-executive Director. He is responsible for supervising and providing independent judgment to our Board. Since January 2014, Mr. Leung has served as an executive director of Easternflair Investment & Development Group, where he is responsible for managing project developments and project finance. Additionally, Mr. Leung has been the managing director at JR Plus Capital Limited, since November 2015. Before joining our Group, Mr. Leung served as the chief financial officer of listed real estate and commercial property development companies, including China Aoyuan Group Limited (Stock Exchange stock code: 3883) and South China Land Limited (currently known as South China Assets Holdings Limited, the shares of which were cancelled from the GEM of the Stock Exchange on March 2023) (Stock Exchange stock code: 8155) between May 2010 and October 2013, respectively.

In addition, Mr. Leung served as the general manager of finance department (Eastern China) of K Wah Construction Materials (China) Limited and the group financial controller of SPG Land (Holdings) Limited (currently known as Greenland Hong Kong Holdings Limited (Stock Exchange stock code: 0337)) between June 2006 and May 2010, respectively. Previously, Mr. Leung was the chief executive officer of SMI Corporation Limited (currently known as SMI Holdings Group Limited (Stock Exchange stock code: 198) prior to the cancellation of its listing in December 2020), from November 2005 to February 2006; the financial controller and deputy general manager of Beijing Oriental Plaza Co., Ltd., a commercial property development company, from July 2003 to May 2005; and the deputy general manager of the finance department of GD Holdings, an investment holding company, as well as the director and chief financial officer of Guangdong Assets Management Ltd. from July 2000 to May 2003. From July 2002 to May 2003, Mr. Leung was also the director and chief financial officer of Guangdong Alliance Ltd.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Since November 2019, Mr. Leung has been an independent non-executive director of the Company. Since 25 June 2018, Mr. Leung has been an independent non-executive director of Redsun Properties Group Limited (Stock Exchange stock code: 1996). Since February 2020, Mr. Leung has been an independent non-executive director of E&P Global Holdings Limited, formerly Siberian Mining Group Company Limited (Stock Exchange stock code: 1142). Mr. Leung obtained a Bachelor of Laws (Hons) with honours in July 2022 and Graduate Diploma in Laws with merit in September 2021 respectively from Oxford Brookes University, UK. He obtained a Master's degree in Accounting Studies from the University of New England, Australia in April 1994. He also received a master's degree in Business Administration from the University of East Asia Macau (currently known as the University of Macau) in October 1988. In November 1995, Mr. Leung was admitted as a Certified Practising Accountant of the Australian Society of Certified Practising Accountants (currently known as CPA Australia), and registered as a Certified Public Accountant with The Hong Kong Institute of Certified Public Accountants in February 1996. Additionally, he is a fellow of the Association of Taxation and Management Accountants, a founding member of the Hong Kong Business Accountants Association and a founding and life member of The Hong Kong Independent Non-Executive Director Association.

Mr. Leung Kee Wai (梁基偉) ("Mr. Leung"), aged 59, was appointed as an independent non-executive Director, a member of the audit committee of the Board, a member of the remuneration committee of the Board and a member of the nomination committee of the Board on 15 October 2019.

Mr. Leung has over 30 years of accounting and corporate management experience and has held various positions in the accounting industry. Mr. Leung was primarily responsible for the company secretarial and compliance matters of Century Ginwa Retail Holdings Limited, a company listed on the Stock Exchange (Stock Code: 162), from October 2015 to August 2023 and was subsequently promoted to the position of chief financial officer and company secretary in March 2019. Before that, Mr. Leung was an accountant at PT International Development Corporation Limited (formerly known as ITC Corporation Limited), a company listed on the Stock Exchange (stock code: 372), from August 1991 to March 1992. Mr. Leung was a finance manager at Sino Products Proposition Co., Ltd., a company principally engaged in property agency, from April 1992 to August 1994. Mr. Leung was successively a senior accountant and a deputy financial controller at Kung Sheung International Holdings Limited, a company principally engaged in the trading of leisure, beauty and fitness equipment, from February 1995 to January 2014, and was mainly responsible for overseeing the company's finance and accounting operations. Mr. Leung was a company secretary at Culturecom Holdings Limited, a company listed on the Stock Exchange (Stock Code: 343), from June 2014 to July 2015, and was mainly responsible for overseeing the company's corporate and regulatory compliance issues.

Mr. Leung obtained a diploma in accounting from the Hong Kong Shue Yan University (formerly the Hong Kong Shue Yan College) in July 1988. Mr. Leung obtained a master of business administration from the University of Bradford, United Kingdom in December 1989. Mr. Leung was certified as an associate of the Hong Kong Institute of Certified Public Accountants in October 1995. Mr. Leung was admitted as a fellow of the Association of Chartered Certified Accountants in January 2001. Mr. Leung was elected a fellow of the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) in August 2001. Mr. Leung was admitted as a fellow of the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in August 2001. Mr. Leung has been a holder of the Practitioner's Endorsement from the Hong Kong Chartered Governance Institute since August 2014.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

SENIOR MANAGEMENT

Ms. Cheng Chiew Ngok (“Ms. Cheng”), aged 48, has been Beng Soon Machinery’s accounts manager since June 2009 and is responsible for the overall management of the accounting and taxation functions of the Group.

Ms. Cheng has over 25 years of experience of accounting and corporate management experience. Prior to her joining of the Group, Ms. Cheng was an accounts officer at Eastern Wire Pte. Ltd., a company principally engaged in the design and manufacturing of customized welded steel mesh reinforcement and mesh cages, from March 1996 to April 2002, and was mainly responsible for the company’s accounting functions. Ms. Cheng was a senior accounts officer at NatFerrous Pte. Ltd., a company principally engaged in the recycling of metal waste and scrap, from April 2002 to October 2007.

Ms. Cheng obtained a diploma in business studies from the London Chamber of Commerce and Industry Examinations Board on April 1998. Ms. Cheng obtained certificates of completion of the Information Technology Processes Examination and the Certified Accounting Technician Qualification awarded by the Association of Chartered Certified Accountants in May 2003 and June 2004, respectively. Ms. Cheng obtained a certificate of accomplishment for completing the Basic GST Course conducted by the Inland Revenue Authority of Singapore in June 2004.

Mr. Willie Goh (“Mr. Goh”), aged 39, joined Beng Soon Machinery in October 2020 as equipment operation manager. He is responsible for the overall management of the Group’s fleet of machinery and operation of the workshop. Mr. Goh obtained a diploma in chemical process from Singapore Polytechnic in May 2004.

Mr. Tan Chin Tien (“Mr. CT Tan”), aged 57, has been Beng Soon Machinery’s project manager and projects coordinating officer since April 2013 and is responsible for overseeing, and to ensure the safe execution and timely execution of, the Group’s projects.

Mr. CT Tan obtained a diploma in manufacturing engineering from Singapore Polytechnic in May 1992. Mr. CT Tan obtained a certificate of completion of the Industrial Technician (mechanical engineering) Program conducted by Singapore Technical Institute in August 1985. Mr. CT Tan obtained a certificate of completion of the Building Construction Supervisors Safety Course conducted by NTUC LearningHub Pte. Ltd. in April 2013, a certificate of completion of the Work-at-Height Course conducted by QMT Industrial & Safety Pte Ltd in May 2013, a certificate of completion of the Work-at-Height Course for Assessors conducted by Absolute Kinetics Consultancy Pte Ltd in April 2014, and a certificate of completion of the Work-at-Height Course for Managers conducted by Eversafe Consultants Pte. Ltd. in January 2015. Mr. CT Tan obtained a certificate of competency in Earth Control Measures for Construction Site Personnel by the Institute of Engineers Singapore in September 2015. Additionally, Mr. CT Tan obtained a certificate for the Manage Demolition of Building and Structure Course conducted by the SCAL Academy in November 2023.

COMPANY SECRETARY

Mr. Wong Chi Wai (Mr. Wong)

Mr. Wong holds a master’s degree in Global Management from Royal Roads University in Canada and a Bachelor of Business Administration degree (Honours) in Accountancy from City University of Hong Kong. He has been a registered member of the Hong Kong Institute of Certified Public Accountants (HKICPA) since January 2012, the Institute of Chartered Accountants in England and Wales (ICAEW) since February 2021, and the Chartered Professional Accountants of British Columbia (CPABC) since February 2023. Additionally, he has been a Certified Public Accountant (Practising) in Hong Kong since January 2018, an ICAEW Chartered Accountant since February 2021, and a Certified Public Accountant in CPABC since February 2023. With years of experience in accounting, auditing, and corporate secretary matters, Mr. Wong was appointed as company secretary of the Company on 23 April 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW AND BUSINESS REVIEW

The Group is an established and leading demolition services provider in Singapore and has been running the demolition business in Singapore for more than 30 years in both the public and private sectors. The Group is principally engaged in the demolition of various types of buildings and structures, including power stations, chemical plants, high rise commercial and residential properties, bridges and marine structures in Singapore. To a lesser extent, the Group also leases and sells demolition machinery. The Shares have been successfully listed on the Main Board of the Stock Exchange since the Listing Date. The Listing not only benefited the Group with easier access to capital and fund raising, but also implicates recognition of the Group's leading position in the demolition services industry in Singapore, and has enhanced the Group's visibility and prestige.

During FY2023, the Group's total revenue decreased by S\$3.3 million or 10.1% from S\$32.7 million in FY2022 to approximately S\$29.4 million in FY2023. The decrease was mainly attributable by the plummet in the price of salvage materials as their demand in Singapore and other countries such as Mainland China have diminished as a result of the adverse market conditions in Asia during the year. The Group has recorded a gross profit margin of 31.5% in FY2023 from a gross profit margin of 29.0% in FY2022. The slightly increased underscores management's commitment to optimizing operational efficiency and financial resilience amidst challenging market dynamics.

During FY2023, the Group secured 16 demolition projects for different types of buildings, including residential blocks and factory buildings in Singapore and completed 11 demolition projects (including on-going projects from FY2022). The Group's outstanding projects secured in FY2023 are progressing on schedule with an expected total revenue of approximately S\$12.0 million.

OUTLOOK AND PROSPECTS

In February 2024, the Ministry of Trade and Industry in Singapore announced a 1.1% improvement in Singapore's economy for 2023, projecting a GDP growth forecast of 1.0% to 3.0%. This modest yet positive growth trajectory underscores Singapore's resilience amidst global economic challenges. Looking ahead to January 2024, the Building and Construction Authority in Singapore forecasts total construction demand for 2024 to range between S\$32 billion and S\$38 billion, indicating a robust outlook for the construction sector. Notably, approximately 60% of this demand, valued between S\$18 billion and S\$21 billion, is expected to be contributed by the public sector, driven by ongoing public housing projects and industrial and institutional building constructions. Concurrently, private sector construction demand is estimated to be between S\$14 billion and S\$17 billion, demonstrating a balanced demand outlook across both sectors.

Amidst large-scale economic stimulus policies and the potential growth of the construction industry in Singapore, the demolition sector is poised for strengthening. The industry is expected to capitalize on opportunities arising from the revival of inbound tourism and the redevelopment of commercial premises, aligning with broader economic growth initiatives. Despite facing challenges such as significant downturns in salvage material prices, reflecting weakened demand in Singapore and other markets like Mainland China, due to prevailing adverse market conditions in Asia, particularly during the period, our management remains steadfast in navigating these challenges. By optimizing operational efficiency and maintaining financial resilience amidst dynamic market conditions, the Group continues to uphold its commitment to maintaining gross profit margins.

Looking forward, the Group anticipates continued expansion in construction demand resilience for 2024, buoyed by recent developments and ongoing growth in the construction industry. While challenges persist, the Group remains proactive in its approach, leveraging its expertise and resources to navigate market dynamics effectively. With a strategic focus on its core business of providing demolition services, the Group also seeks to expand and diversify into new opportunities to enhance shareholder value and complement existing business lines, ensuring sustained growth and competitiveness in the marketplace.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

During FY2023, the revenue of the Group was mainly derived from the provision of demolition and related value-added services to the Group's project owners (the "Contract Revenue"). The Contract Revenue comprised of (i) the net contract sum from the project owners; (ii) the proceeds for the services provided for the disposal of salvage materials removed from the demolition sites to salvage materials buyers; and (iii) the proceeds from earth providers for depositing earth at the demolition sites for landfilling purpose. During FY2023, the Group's total revenue decreased by approximately S\$3.3 million or 10.1% from S\$32.7 million in FY2022 to approximately S\$29.4 million in FY2023. The decrease was mainly due to lower proceeds from disposal of salvage materials recorded from the secured contracts.

The following table sets forth the breakdown of revenue by source for FY2023 and FY2022 respectively:

	FY2023 S\$'000	FY2022 S\$'000
Net Contract Sum	6,843	4,008
Proceeds from Disposal of Salvage Materials	21,846	28,010
Earth Depositing Proceeds	417	421
Other Revenue	246	299
	29,352	32,738

Cost of sales

The Group's cost of sales for FY2023 amounted to approximately S\$20.1 million, representing a decrease of S\$3.1 million or 13.4% from approximately S\$23.2 million in FY2022. The cost of sales mainly comprised of (i) direct labour costs; (ii) depreciation of the Group's machinery and equipment; (iii) raw materials, consumables and other overheads; and (iv) subcontractor charges. The decrease in the cost of sales of the Group in FY2023 was mainly due to the decrease in subcontractor charges of approximately S\$1.3 million and raw materials, consumables and other overheads of S\$2.7 million as a results of the various project activities work schedules.

Gross profit and gross profit margin

The Group's gross profit decreased by S\$0.3 million or 3.2%, from a gross profit of approximately S\$9.5 million for FY2022 to a gross profit of approximately S\$9.2 million for FY2023. The Group's gross profit margin was approximately 31.5% and 29.0% for FY2023 and FY2022, respectively. The management prefers not doing a price cut and keep the gross profit level by working efficiently and staying financially strong, even when the market changes.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Administrative expenses

The Group's administrative expenses for FY2023 amounted to approximately S\$9.4 million, representing an increase of S\$0.8 million or 9.3% from approximately S\$8.6 million in FY2022. The administrative expenses primarily consisted of (i) staff costs; (ii) depreciation costs in respect of the Group's property, office equipment and motor vehicles; and (iii) legal and professional fees. The increase in FY2023 was mainly due to the increase in employee benefits expenses.

Other income

During FY2023, the Group's other income amounted to S\$0.5 million representing an increase of S\$0.2 million or 66.7% from approximately S\$0.3 million in FY2022. The increase primarily resulted from an increase of S\$0.3 million in interest income during FY2023, and partially offset by a decrease of S\$0.2 million in government grants.

Finance costs

During FY2023, finance costs incurred by the Group was S\$0.3 million, representing no major change as compared to FY2022.

Income tax

During FY2023, the Group's income tax amounted to S\$0.3 million, mainly represented as deferred income tax. There were no current income tax expenses incurred during both years due to the utilisation of business losses brought forward to net off with the chargeable income.

Profit attributable to the owners of the Company

As a result of the foregoing, profit attributable to equity holders of the Company amounted to approximately S\$25,000 for FY2023, compared with approximately S\$0.5 million for FY2022. There was earnings per share of S\$0.002 cents for FY2023 as compared to earnings per share of S\$0.05 cents for FY2022.

Capital structure, liquidity and financial resources

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of its debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings and obligations under finance leases, net of bank deposits, bank balances, cash and equity attributable to the owners of the Group, comprising share capital and reserves. There has been no change in the capital structure of the Group since Listing. The Group has a solid financial position and continues to maintain a strong and steady cash inflow from internal generated funds, bank loans and other borrowings.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in Singapore dollars, are generally deposited with certain financial institutions.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 31 December 2023, the Group had net current assets of approximately S\$24.3 million as compared to S\$21.9 million as at 31 December 2022, representing an increase of approximately S\$2.4 million or 11.0%. The increase was mainly due to the increase in contract related assets and costs and trade receivables, decrease in borrowings, partially offset by the decrease in cash and cash equivalents. As at 31 December 2023, the Group had cash and cash equivalents of approximately S\$15.1 million as compared to S\$17.1 million as at 31 December 2022. During FY2023, the cash was used primarily for payment of lease liabilities and borrowings of the Group. The decrease of cash and cash equivalents as at 31 December 2023 was mainly due to lesser cost generated from operating activities. The Board considers the level of cash balances reasonable and would enable the Company to take on suitable business opportunities in a very competitive and efficient manner.

As at 31 December 2023,

- a. the total amount of the issued share capital of the Company was HK\$10,000,000, divided into 1,000,000,000 shares of HK\$0.01 per share. There were no movements in the Company's share capital during FY2023.
- b. the leasehold land and building of the Group with carrying amounts of approximately S\$4.7 million and S\$5.1 million were mortgaged to licensed banks as security for credit facilities granted to the Group for FY2023 and FY2022 respectively.
- c. the Group had no bank borrowings (FY2022: S\$0.7 million) and lease liabilities of S\$9.1 million (FY2022: S\$9.1 million). All of the lease liabilities and bank borrowings were denominated in S\$.
- d. the Group's total equity attributable to equity holders of the Company amounted to approximately S\$40.1 million as compared to S\$39.9 million as at 31 December 2022. The capital of the Company mainly comprises share capital and reserves.

Gearing ratio

The gearing ratio (calculated by dividing the obligations under borrowings and lease liabilities by total equity and then multiplied by 100%) decreased from 24.6% as at 31 December 2022 to 22.7% as at 31 December 2023. This resulted from a decrease in bank borrowings and also improvement in equity.

Treasury policies

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Group's bank borrowings are all denominated in S\$ and have been arranged on a fixed or mix of fixed and floating rate basis. It is the Group's policy not to enter into derivative transactions for speculative purposes. The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

Contingent liabilities

As at 31 December 2023, the Group had no significant contingent liabilities or outstanding litigation (2022: none).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Capital commitment

As at 31 December 2023, the Group did not have capital commitments for the purchase of property, plant and equipment (2022: Nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

As at 31 December 2023, save as disclosed in this annual report, the Group did not have plans for material acquisitions or disposals of subsidiaries or associates during FY2023.

Future plans for material investments or capital assets

As at 31 December 2023, save as disclosed in this annual report, the Group did not have specific plans for material investments or capital assets in the coming year.

Employee information and remuneration policy

As at 31 December 2023, the Group had a total of 121 employees, 4 less than the same time in 2022. All of the Directors and employees are located in Singapore and Hong Kong. The remuneration offered to employees generally includes salaries and bonus and are determined with reference to market norms and individual employees' performance, qualifications and role. The Company has adopted a share option scheme under which options may be granted to Directors and eligible employees as an incentive.

The remuneration, bonuses and other compensation payable of the Directors are determined by the Remuneration Committee, having regard to the Company's operating results, responsibilities and individual performance of Directors.

Significant investment held

As at 31 December 2023, save as disclosed in this annual report, there were no material investments held by the Group.

Charge of the Group's assets

As at 31 December 2023, the leasehold land and building of the Group with carrying amounts of approximately S\$4.7 million (2022: S\$5.1 million) were mortgaged to licensed banks as security for credit facilities granted to the Group.

Foreign currency exposure

The Group operates in Singapore and most of its income and expenditures are denominated in Singapore Dollar ("S\$"), being the functional currency of the Company. The Group has exposure to foreign exchange risk as a result of cash and cash equivalents, trade receivables, deposits, prepayments and other receivables, trade and other payables denominated in the United States dollar ("USD"), Chinese Yuan ("CNY") and Hong Kong dollar ("HK\$"). As at 31 December 2023, should S\$ be strengthened/weakened by 4% against those currencies, with all other variables held constant, the impact on the Group's post tax profit and the equity would have been approximately S\$5,000 (2022: S\$5,000) lower/higher for the year ended 31 December 2023 as a result of foreign exchange losses/gain.

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for FY2023.

CORPORATE REORGANISATION AND LISTING

The Company was incorporated in Cayman Islands as an exempted company with limited liability on 6 April 2018. In preparation for the Listing, the Group underwent reorganization, details of which are set out in the section headed "History, Development and Reorganisation" of the Prospectus. Following the Listing by way of Global Offering, 250,000,000 new Shares were initially offered by the Company at a price of HK\$0.5 per share. The gross proceeds from the Share Offer are approximately HK\$77.5 million. The Company was listed on the Stock Exchange on 8 November 2019.

PRINCIPAL ACTIVITIES

The Group is a demolition services provider in Singapore, which also (i) sells salvage materials removed from the demolition sites to third party salvage buyers; (ii) deposits earth from earth providers at its demolition sites for landfilling purposes; and (iii) leases and sells machinery to third parties. The principal business activity of the Company is investment holding. The names and the activities of its principal subsidiaries are set out in Note 31 to consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during FY2023.

BUSINESS REVIEW

The business review analysis using key financial performance indicators and future development in the Group's business for FY2023 are set out in the section headed "Management Discussion and Analysis" on pages 11 to 15 of this annual report. This discussion forms part of this Directors' report.

There are certain risks involved in the Group's operations, which may affect its business and results of operations. The following highlights some of the risks which its Directors consider to be material:

- the Group derives a significant portion of its revenue from the disposal of salvage materials, which are prone to price fluctuations
- the Group's demolition projects are non-recurring in nature and there is a possibility of not being able to secure new projects
- no long-term agreements with the Group's customers or salvage material buyers have been entered into. The Group can neither ensure that its customers and salvage material buyers will continue to engage its services and purchase its salvage materials respectively
- incorrect estimation of the Group's project operating costs and value of salvage materials in the determination of its tender or quotation prices may materially and adversely affect its profitability and financial performance
- the Group is dependent on its key personnel and cannot assure that it will be able to retain them

DIRECTORS' REPORT (CONTINUED)

KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

As at 31 December 2023, the Group had a total of 121 employees. Approximately 30% of the Group's employees were local employees and 70% were foreign employees (including site foreign workers and other foreign employees). All of the Group's employees are located in Singapore and are remunerated according to their qualifications, role and responsibilities. Discretionary bonuses may be offered depending on their performance, profitability of the Group and market conditions. The Group adopts effective employee and emolument policies to comply with the local rules and regulations in relation to employment in Singapore.

Depending on the role and scope of work of the Group's employees, the Group sponsors its employees to receive relevant training courses including courses in relation to occupational health and safety, work quality and compulsory courses required by the Building and Construction Authority of Singapore and the Ministry of Manpower of Singapore.

The Group's employees are invaluable assets of the Group, with whom it has and continues to maintain good relationships. During FY2023, the Group did not have any significant disputes with its employees nor did it have any material difficulties in the recruitment of employees or any disruption to its operations due to any labour dispute.

The Group has established long-term business relationships with its key business partners and maintained long-term business relationships with its major customers, including a Singapore state-owned developer and manager of industrial estates and a Singapore private company engaged in the business of construction of buildings. The Group has maintained strong and long-term business relationships with the majority of its five largest customers for over three years, the longest business relationship being 16 years. For the salvage material buyers whom the Group disposes the salvage materials to, the majority of business relationships are of at least seven years, the longest business relationship being approximately 15 years.

As a result, the Directors believe that the Group has become its customers' preferred demolition services provider and salvage material supplier. Moreover, the Directors also believe that the Group's strong and long-term relationships with these key customers provide it with a competitive advantage to securing future contracts and a steady flow of repeated business, and enhancing its marketing and business development capabilities with new customers.

The Group has also established close and long-term working relationships with subcontractors and suppliers in different areas, including specialized construction activities and process and industrial plant engineering design and consultancy services providers. The majority of the Group's five largest suppliers (including subcontractors) have collaborated with the Group for at least five years. The Group believes that these established relationships have enhanced the Group's ability to provide its services to its customers and will continue to help expand its business capabilities.

In view of the above and as at the date of this report, there is no circumstance or any event which will have a significant impact on the Group's business on which the Group's success depends. During FY2023, there were no material and significant disputes between the Group and its suppliers and/or customers.

DIRECTORS' REPORT (CONTINUED)

DIVIDEND POLICY

In order to enhance transparency of the Company and facilitate the shareholders of the Company and investors to make informed investment decisions relating to the Company, the Board adopted a dividend policy on 27 March 2020 (the “**Dividend Policy**”). According to the Dividend Policy, when determining whether to declare any dividend in the future and the amount of dividend to be declared, the Company shall consider a number of factors, including but not limited to:

- the Company's actual and expected financial performance;
- retained earnings and distributable reserves of the Group;
- the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
- any restrictions on payment of dividends that may be imposed by the Group's contracting parties;
- the Group's expected working capital requirements and future expansion plans;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- any other factors that the Board may deem appropriate.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion. The Board will review the Dividend Policy on a regular basis.

RESULTS AND DIVIDENDS

The Group's results for FY2023 and the Group's financial position are set out in the consolidated financial statements on pages 54 to 114 of this report.

The Directors do not recommend the payment of final dividend in respect of FY2023.

DIRECTORS' REPORT (CONTINUED)

ENVIRONMENTAL PERFORMANCE

The Group is aware of and is committed to its corporate responsibility. Apart from driving the success of the Group's business, it also focuses on the impact it has on its employees, society and the environment. As a demolition services provider, the Company provides removal of salvage materials services by collecting recyclable demolition waste such as ferrous metal, non-ferrous metal and recycled concrete aggregate, from which it generates proceeds for the disposal of salvage materials to salvage materials buyers. The Company is pleased that its services do not only generate income for the Group but also reinforces the sustainable redevelopment plans envisaged and promoted by the Singapore Government.

The Company has adopted an environmental management system and policies in accordance with all applicable laws and regulations. The Group's operations on site are also subject to certain environmental requirements pursuant to the laws in Singapore such as the Environmental Public Health Act (Chapter 95) and the Environmental Protection and Management Act (Chapter 94A) of Singapore.

The environmental management system of the Group is certified to be in compliance with the standard under ISO 14001:2015 since 2016 as a recognition of its policies and procedures undertaken to protect the environment.

The Group's environmental management system includes specific operational procedures covering various aspects of control including air pollution control, noise pollution control, waste management and resources conservation for our employees to observe. The Company will comply with the environmental management procedures when the Company formulates the method statements or work plans to its customers before commencing the projects and implement them on an ongoing basis in the execution stage of the project.

To the best knowledge of the Directors, the Group was in compliance with the applicable environmental laws and regulations in all material respects during FY2023. For the three years ended 31 December 2023, our aggregate cost for environmental compliance was approximately S\$1.4 million, S\$2.8 million and S\$0.8 million, respectively.

For details, please refer to the Environmental, Social and Governance Report 2023 which will be published by the end of April 2024.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries during FY2023.

DIRECTORS' REPORT (CONTINUED)

USE OF PROCEEDS FROM LISTING

On the Listing Date, the issued shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A total of 250,000,000 ordinary shares were issued to the public at a price of HK\$0.5 per share for net proceeds of approximately HK\$77.5 million after the deduction of related listing expenses. Part of these proceeds have been utilised in accordance with the proposed allocation set out in the Prospectus.

Set out below are details of the allocation of the net proceeds, the utilised amount of the net proceeds as at 31 December 2023:

Use of Net Proceeds	Intended amount of use of proceeds HK\$'000	Approximate Unused Net Proceeds as at 31 December 2022 HK\$'000	Approximate Amount of Net Proceeds utilised during FY2023 HK\$'000	Approximate Unused Net Proceeds as at 31 December 2023 HK\$'000	Expected timeline for utilising the Unused Net Proceeds
Enhancing the machinery fleet by acquiring excavators with different capacities including one unit of 48.5-metre high-reach excavator and attachments to excavators	51,200	22,763	5,384	17,379	On or before end of year 2024
Repaying the bank borrowing bearing interest rate at approximately 2.9% per annum and maturing in 2019, the proceeds from borrowing were used as working capital	13,500	-	-	-	-
Expanding the labour force by recruiting additional staff, including project management and project execution staff	9,100	3,503	3,503	-	-
Engagement of professional consultant to review the internal management systems for the purpose of the registration for B1 grade under the CW02 "Civil Engineering" workhead	2,200	2,200	-	2,200	On or before end of year 2024
Group's general working capital	1,500	-	-	-	-

As at 31 December 2023, the amount of the net proceeds which remained unutilised amounted to approximately HK\$19.6 million. Since 2020, COVID-19 pandemic had imposed negative impact to the overall business environment in Singapore and the correspondent strictly enforced lockdown had led to uncertain economic and market conditions. In such circumstances, the Company has taken a responsible and prudent view to implement the business strategies which lead to the delay in using the Net Proceeds. Nevertheless, the Group has endeavored to adhere to the implementation plan for the use of the Net Proceeds as disclosed in the Prospectus, and has been monitoring the market conditions in Singapore and making assessments from time to time on the right timing to utilise the Net Proceeds. Accordingly, the remaining unutilised net proceeds are expected to be fully utilised on or before 31 December 2024 for the following purposes:

- acquisition of property, plant and equipment;
- application costs, including professional fees etc. for upgrading the "CW02, Civil Engineering" workhead from C1 grade to B1 Grade; and
- recruitment of new staff.

DIRECTORS' REPORT (CONTINUED)

DONATIONS

The Group donated a total amount of S\$25,000 to Jurong Spring CCC Community Development and Welfare Fund and Kaki Bukit CCC Community Development and Welfare Fund to support the society during FY2023.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

PROPERTIES

The Group holds a medical facility unit in Singapore for investment purposes and a three-storey building as its head office as at 31 December 2023, details of which are set out in Notes 14 and 16 to the consolidated financial statements.

SHARE CAPITAL

As of 31 December 2023, the total amount of the issued share capital of the Company was HK\$10,000,000, divided into 1,000,000,000 shares of HK\$0.01 per share. There were no movements in the Company's share capital during the year.

RESERVES

Details of the movements in reserves of the Group and the Company during FY2023 are set out in the consolidated statement of changes in equity on page 57 of this report and Note 27 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 December 2023, the Company's reserves available for distribution, calculated in accordance with the provisions of sections 291, 297 and 299 of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**"), amounted to approximately S\$16.7 million.

DIRECTORS' REPORT (CONTINUED)

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the purchases attributable to the Group's major suppliers (including its subcontractors) for FY2023 are as follows:

Suppliers

- the largest supplier: 10.7%
- five largest suppliers combined: 33.5%

The percentage of revenue from the Group's major customers (by aggregate contract revenue contributed from the relevant projects and major salvage materials buyers (by proceeds from the disposal of salvage materials)) for FY2023 are respectively as follows:

Customers

- the largest customer: 16.9%
- five largest customers combined: 63.9%

Salvage Materials Buyers

- the largest salvage materials buyer: 35.6%
- five largest salvage materials buyers combined: 72.3%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in any of the Group's major customers, salvage materials buyers and suppliers as at 31 December 2023.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

During FY2023, the Directors comprised of:

Executive Directors

Mr. Tan Chee Beng
Ms. Tang Ling Ling
Mr. Tan Wei Leong
Mr. Cheung Kam Fai
Mr. Ngan Kim Fung

Independent Non-executive Directors

Mr. Wee Chorng Kien
Mr. Leung Yau Wan John
Mr. Leung Kee Wai

CHANGES TO DIRECTORS' INFORMATION

Save as disclosed in this report, the Directors confirm that in relation to their profile, no information is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date, which may be terminated in accordance with the terms of the service contracts.

The non-executive Director has signed a letter of appointment with the Company for a term of three years commencing from the Listing Date, which may be terminated in accordance with the terms of the letter of appointment.

Each of the independent non-executive Directors ("INED") has signed a letter of appointment with the Company for a term of three years commencing from the Listing Date, which may be terminated in accordance with the terms of their respective letters of appointment.

Apart from the foregoing, no Director was proposed for re-election at the forthcoming annual general meeting of the Company has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation other than statutory compensation.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' REMUNERATION & EMOLUMENT POLICY

Details of the remuneration of the Directors are set out in Note 9 to the consolidated financial statements. The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of Directors with reference to duties and responsibilities of the Directors and the performance and results of the Group.

The Remuneration Committee was established for reviewing and determining the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors are set out under the section headed "Biographies of Directors and Senior Management" on pages 6 to 10 of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Notes 9 and 28 to the consolidated financial statements, no transactions, arrangements and contracts 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 his connected entity had a material interest, whether directly or indirectly, subsisted at the end of FY2023 or at any time during FY2023.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

There is no transaction which falls within the disclosure requirements under Rules 13.18 and 13.21 of the Listing Rules.

MANAGEMENT CONTRACTS

No contract between the Company and a person who undertakes the management and administration of the whole or any substantial part of any business of the Company and who was not a director of the Company were entered into or existed during FY2023.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 30 to 47. The Directors believe the long-term financial performance as opposed to short-term rewards is a corporate governance objective. The Board would not take undue risks to make short-term gains at the expense of its long-term objectives.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in the shares and underlying shares of associated corporation of the Company

(i) Long positions in the Shares

Name	Capacity/Nature of interest	Number of Shares ^(Note 1)	Percentage of shareholding in the Company
Mr. Tan Chee Beng	Interest in a controlled corporation ^(Note 2) ; Interest of spouse ^(Note 3)	505,600,000 Shares (L)	50.56%

Notes:

1. The letter (L) denotes the person's long position in such Shares.
2. Mr. Tan beneficially owns all of the issued shares of TCB Investment Holdings Limited ("TCB"), which in turn holds 34.17% of the Shares. Therefore, Mr. Tan is deemed, or taken to be, interested in the Shares held by TCB for the purposes of the SFO. Mr. Tan is a director of TCB.
3. Mr. Tan is the spouse of Ms. Lee Peck Kim ("Ms. Lee"), who through her controlled corporation was interested in 163,900,000 Shares representing 16.39% of the issued Shares of the Company. Accordingly, Mr. Tan is deemed, or taken to be, interested in the Shares which Ms. Lee is interested in for the purpose of the SFO.

(ii) Long position in the share of associated corporation

As at 31 December 2023, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the registered of interests required to be kept under Section 352 of the SFO or were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT (CONTINUED)

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

So far as known to the Directors or chief executive of the Company, as at 31 December 2023, the following corporates and persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares of the Company and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in Shares

Name	Capacity/nature of interest	Number of Share held/interested	Percentage of shareholding
TCB	Beneficial owner	341,700,000	34.17%
K Luxe Holdings Limited ("K Luxe")	Beneficial owner	163,900,000	16.39%
Ms. Lee	Interest in controlled corporation ^(Note 1) Interest of spouse ^(Note 2)	505,600,000	50.56%

Notes:

- (1) Ms. Lee beneficially owns all of the issued shares of K Luxe, which in turn holds 163,900,000 Shares, representing 16.39% of the total issued Shares of the Company. Therefore, Ms. Lee is deemed, or taken to be, interested in the Shares held by K Luxe for the purposes of the SFO.
- (2) Ms. Lee is the spouse of Mr. Tan. Accordingly, Ms. Lee is deemed, or taken to be, interested in the Shares which Mr. Tan is interested (through his controlled corporation, TCB) for the purposes of the SFO.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during FY2023 was the Company, its holding company or any of its subsidiaries, a party to any arrangements which enable the Directors and the chief executives of the Company to acquire benefits by means of an acquisition of Shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during FY2023.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the Listing Rules) in the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group during FY2023 and up to the date of this report.

SHARE OPTION SCHEME

The Company has conditionally approved and adopted the share option scheme (the "**Share Option Scheme**") on 15 October 2019 (the "**Adoption Date**") which shall remain in force for a period of ten years commencing on the Adoption Date and expire at the close of business on the business day immediately preceding the tenth anniversary thereof. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group (the "**Eligible Persons**") and to promote the success of the business of the Group.

The principal terms of the Share Option Scheme are summarized in Appendix V to the Prospectus. Subject to the provisions of the Share Option Scheme, the Board may grant options at any time from time to time within a period of ten years from the Adoption Date. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not, in aggregate, exceed 10% of the total number of Shares in issue as at the Listing Date (the "**Scheme Limit**"), unless approved by its shareholders pursuant to the paragraph below.

The Company may seek separate approval of the shareholders in a general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of Shares in issue as of the date of the approval of the refreshed limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit.

The total number of Shares issued and to be issued upon exercise of options granted to any Eligible Persons (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in any issue.

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no share option outstanding as at 31 December 2023.

DIRECTORS' REPORT (CONTINUED)

PERMITTED INDEMNITY PROVISIONS

Pursuant to the memorandum and articles of association of the Company (the "Articles"), the Directors, managing Directors, alternate Directors, auditors, secretary and other officers, for the time being, acting in relation to the affairs of the Company, shall be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the exertion of their duty.

The permitted indemnity provision is currently in force for the benefit of the Directors as defined and required by Section 470 of the Hong Kong Companies Ordinance and has been in force throughout FY2023.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, the Company did not enter into any equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares during FY2023 or had subsisted at the end of FY2023.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

During FY2023, no purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries.

DEBENTURES

During FY2023, no debentures were issued by the Company or any of its subsidiaries.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

During FY2023, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules, which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. None of the related party transactions constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the sufficient public float of at least 25% of the issued Shares under the Listing Rules as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders. There is also no restriction against such rights under the laws of the Cayman Islands.

DIRECTORS' REPORT (CONTINUED)

EVENTS AFTER THE REPORTING PERIOD

On 1 March 2024, the Group completed the deregistration of a Hong Kong subsidiary, YOLO Holding Limited, which is an investment holding company of 廣州悠樂未來科技有限公司 (“廣州悠樂”). 廣州悠樂 is a subsidiary located in People's Republic of China and was liquidated during the year ended 31 December 2023. Save as disclosed above, there was no material subsequent events undertaken by the Company or the Group after 31 December 2023 and up to the date of this annual report.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 27 May 2024 to Friday, 31 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders of the Company are reminded to ensure all properly executed transfer forms 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 not later than 4:30 pm on Friday, 24 May 2024.

OTHER MATTERS

There are no other matters that are material for the shareholders' appreciation of the state of the Company's and its subsidiaries' affairs.

AUDITOR

The consolidated financial statements for the year ended 31 December 2023 were audited by McMillan Woods (Hong Kong) CPA Limited who will retire and, being eligible, offer themselves for re-appointment upon conclusion of the forthcoming annual general meeting. A resolution will be proposed at the forthcoming annual general meeting to re-appoint McMillan Woods (Hong Kong) CPA Limited as auditor of the Company and to authorize the Directors to fix its remuneration.

On behalf of the Board

Tan Chee Beng

Chairman, Chief Executive Officer and Executive Director

Singapore

28 March 2024

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability and to protect and enhance shareholders' value. Committed to upholding good corporate standards and procedures in the best interests of its shareholders, the Company has adopted the principles and all the relevant code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules (the "CG Code"). Throughout FY2023, the Company has complied with the applicable code provisions of the CG Code with the exceptions of the deviation from code provision C.2.1 as explained below:

DEVIATION FROM C.2.1 OF THE CG CODE

Under paragraph C.2.1 of Appendix C1 to the Listing Rules, the roles of chairman and chief executive officer of a company should be separate and should not be performed by the same individual. Mr. Tan is currently the Chairman of the Board and the chief executive officer of the Group and primarily responsible for the day-to-day management of the Group's business. In view of the fact that Mr. Tan has been operating and managing our Group since its establishment, our Board believes it is in the best interests of our Group to have Mr. Tan take up both roles of effective management and business development. The Directors consider that vesting the roles of the chairman of the Board and chief executive officer in the same person facilitates the execution of the Group's business strategies and decision making, and maximises the effectiveness of the Group's operation. The Directors also believe that the presence of three Independent Non-Executive Directors provides added independence to the Board, and that the Board is appropriately structured to maintain the balance of power and to provide sufficient checks to protect the interests of the Company and its shareholders. The Directors shall review the structure from time to time and consider an adjustment should it become appropriate.

The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises five executive Directors (including Mr. Tan), and three INEDs and therefore has a fairly strong independence element in its composition.

MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code to the Listing Rules as its own code of conduct regarding Directors' transactions in securities of the Company. Having made specific enquiries with the Directors, all the Directors confirm that they have complied with the required standard set out in the Model Code during FY2023.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD OF DIRECTORS

Responsibilities of the Directors

The Board is primarily responsible for overseeing and managing the Company's affairs, including the responsibilities for the adoption of long-term strategies and appointing and supervising senior management to ensure that the operation of the Group is conducted in accordance with the objective of the Group.

The Board is also responsible for determining the Company's corporate governance functions which include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Company's policies and practices to ensure compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- reviewing the Company's compliance with the code provisions set out in the CG Code and its disclosure requirements in the Corporate Governance Report.

During FY2023, the Board has performed the above-mentioned corporate governance functions by reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management, who fulfill their duties within their scope of authority and responsibility. Divisional heads are responsible for different aspects of the businesses. Major functions delegated to management include preparation of annual and interim results; execution of business strategies and initiatives adopted by the Board; implementation of adequate risk management and internal control systems; and compliance with the relevant statutory requirements. The functions and power that are so delegated are reviewed periodically by the Company to ensure that they remain appropriate.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary of the Company, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Chairman and Chief Executive

During FY2023, Mr. Tan Chee Beng has taken up the dual-role of chairman (“**Chairman**”) and chief executive officer of the Company (the “**CEO**”). Mr. Tan recognizes that these two roles are distinct. His respective responsibilities are clearly defined and segregated to ensure a balance of power and authority, and reinforce his independence and accountability. The Chairman provides leadership for the decision of the Board regarding the daily operations and administration of the Company that are delegated to the management and led by the CEO. Acting as the principal manager, the CEO formulates the business strategies, oversees the business operations of the Group and ensures the implementation of the strategies and policies adopted and prioritised by the Board are supported with effective and competent management. The CEO is also responsible for informing all Directors on major Company changes and business development in a timely and appropriate manner.

Board Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. The Board assumes the responsibility for leadership and control of the Company and oversees the Group’s businesses, strategic decisions and performances. The Board currently comprises of the following Directors:

Executive Directors

Mr. Tan Chee Beng (*Chairman and Chief Executive Officer*)
Ms. Tang Ling Ling
Mr. Tan Wei Leong
Mr. Cheung Kam Fai
Mr. Ngan Kim Fung

Independent Non-executive Directors

Mr. Wee Chorng Kien
Mr. Leung Yau Wan John
Mr. Leung Kee Wai

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Relationships between the Board

Details of the background and qualifications of all the Directors are set out in the section headed “Biographies of Directors and Senior Management” of this annual report. To the best knowledge of the Company, save as disclosed under the section headed “Biographies of Directors and Senior Management”, there is no financial, business, family or other material or relevant relationships among members of the Board.

The Company is committed to the view that the Board should include a balanced composition of executive and INEDs so that there is a strong independent element on the Board which can effectively exercise independent judgment. The composition of the Board is reviewed by the Company from time to time to ensure that the Board has a balance of skills and experience appropriate for the requirements of the business of the Company.

Independent Non-executive Directors

During FY2023, the Board has at all times complied with rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Board consisted of three INEDs, which represents not less than one-third of the Board. Of the INEDs, at least one possesses appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. As such, there is a strong independent element in the Board to provide independent judgment.

The roles of the INEDs are to provide independent and unbiased opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of the shareholders and the Group. The INEDs are of sufficient caliber and free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment. They are able to provide impartial and professional advice to protect the interests of the minority shareholders of the Company.

Specific enquiry has been made by the Company with each of the INEDs to confirm their independence pursuant to rule 3.13 of the Listing Rules. The Company has received positive confirmations from all three INEDs. Furthermore, the Board is not aware of any relationship or circumstances which would interfere with the exercise of the independent judgment of the INEDs. Based on the confirmations received, the Company is of the view that all INEDs are independent.

Appointment and Re-election of Directors

All the non-executive Directors/INEDs are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

The Articles provide that all Directors appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after appointment.

Pursuant to article 108(a) of the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with article 108(a) of the Company's Articles, Mr. Tan Chee Beng, Mr. Cheung Kam Fai and Mr. Leung Kee Wai will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Continuous Professional Development of Directors

Every newly appointed Director will receive an information package on the first occasion of his/her appointment. This information package is a comprehensive, formal and tailored induction on the responsibilities and on-going obligations to be observed by a Director pursuant to the Companies Ordinance, the Listing Rules and the SFO. In addition, this information package includes material which briefly describes the operations and business of the Company. Directors will be continuously updated on major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

The Directors are committed to complying with code provision C.1.4 of the CG Code and all Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of training they received for FY2023 to the Company.

During FY2023, the Directors participated in continuous professional development in relation to regulatory updates, the duties and responsibility of the Directors and the business of the Group in the following manner:

Directors	Attended Seminars or Briefing/Read Materials
Mr. Tan Chee Beng	✓
Ms. Tang Ling Ling	✓
Mr. Tan Wei Leong	✓
Mr. Cheung Kam Fai	✓
Mr. Ngan Kim Fung	✓
Mr. Wee Chorng Kien	✓
Mr. Leung Yau Wan John	✓
Mr. Leung Kee Wai	✓

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Board Meetings and General Meetings

Pursuant to code provisions of the CG Code, meetings of the Board should be held at least four times a year at approximately quarterly intervals and notice of at least 14 days should be given for a regular board meeting. Agendas and accompanying papers shall be sent not less than 3 days before the date of Board meeting to ensure that the Directors are given sufficient time to review the documents.

The Board is responsible for the approval and monitoring of the Company's overall strategies and policies, approval of business plans, evaluating the performance of the Group and oversight of management. It is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

1 general meeting and 4 board meetings were held during FY2023. Notice of the Board meeting, agenda and Board papers were sent to the Directors in a timely manner before the meeting. The attendance of each Director at the board meetings and general meeting is set out below:

Director	Attendance/Number of Meetings	
	Board Meeting	General Meeting
Mr. Tan Chee Beng	4	1
Ms. Tang Ling Ling	4	1
Mr. Tan Wei Leong	4	1
Mr. Cheung Kam Fai	4	1
Mr. Ngan Kim Fung	4	1
Mr. Leung Yau Wan John	4	1
Mr. Wee Chorng Kien	4	1
Mr. Leung Kee Wai	4	1

Mr. Tan Chee Beng held a meeting with the INEDs without the presence of other Directors on 30 August 2023.

BOARD COMMITTEES

The Board delegates certain responsibilities to committees. In accordance with Singapore laws, the Articles and the Listing Rules, the Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

Audit Committee

The Audit Committee consists of three INEDs, namely Mr. Leung Yau Wan John, Mr. Wee Chorng Kien and Mr. Leung Kee Wai. The chairman of the Audit Committee, Mr. Leung Yau Wan John, possesses the appropriate professional qualifications and financial expertise for the purposes of compliance with the requirements of rule 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The principal duties of the Audit Committee include the following:

- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of resignation or dismissal
- monitoring the integrity of financial statements of the Group and the Company and the annual report and half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained in them
- reviewing the Company's financial controls, risk management and internal control systems
- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have an effective system including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function

The major work performed by the Audit Committee during FY2023 is summarized below:

- reviewed the financial reporting system, compliance procedures, risk management and internal control (including the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting functions, risk management systems and processes
- made recommendations to the Board on the re-appointment of the external auditors based on the needs of the business. The Board did not deviate from such recommendations provided and has adopted the same
- reviewed the results of the Group for FY2023 as well as the audit report prepared by the external auditor relating to accounting matters and major findings during the course of the audit
- established proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

According to the terms of reference of the Audit Committee, the members of the Audit Committee should meet at least twice a year. The Audit Committee held 3 meetings during FY2023. The composition of the Audit Committee and attendance of the members of the Audit Committee at the audit committee meetings are set out below:

Members of the Audit Committee	Attendance/ Number of Meetings
Mr. Leung Yau Wan John	3
Mr. Wee Chorng Kien	3
Mr. Leung Kee Wai	3

Nomination Committee

The Nomination Committee consists of one executive Director, being Mr. Tan Chee Beng (Committee Chairman), and two INEDs, being Mr. Wee Chorng Kien and Mr. Leung Kee Wai.

The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The principal duties of the Nomination Committee include the following:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity representation) of the Board at least annually
- making recommendations on any proposed changes to the Board to complement the corporate strategy of the Company
- developing a list of desirable skills, perspectives and experience at the outset of the selection process for a new Director
- identifying individuals suitably qualified to become Board members
- selecting or making recommendations to the Board on the selection of individuals nominated for directorships
- assessing the independence of the INEDs
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors
- evaluating and assessing the optimal composition of the Board, taking into account the Company's agreed strategies and objectives

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

During FY2023, the Nomination Committee held one meeting and performed the following work as summarised below:

- reviewed the structure, size and composition of the Board
- assessed the independence of the INEDs of the Company
- made recommendations for candidates as Directors of the Company
- made recommendations to the Board on the re-appointment of Directors who are subject to retirement from office by rotation at the first annual general meeting of the Company

The composition of the Nomination Committee and attendance of the members of the Nomination Committee at the nomination committee meetings are set out below:

Members of the Nomination Committee	Attendance/ Number of Meetings
Mr. Tan Chee Beng	1
Mr. Wee Chorng Kien	1
Mr. Leung Kee Wai	1

Nomination Policy

The nomination policy of the Group (the “**Nomination Policy**”) has been in place during FY2023. The Nomination Policy sets out the key selection criteria, procedures and principles adopted by the Nomination Committee in nominating suitable candidates to the Board.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

Procedure

- To fill a casual vacancy, the Nomination Committee shall propose candidates for the Board's consideration and approval, evaluating the balance of skills, knowledge, experience and characteristics of the Board and identifying any special requirements for the vacancy (i.e. independence status in the case of an independent non-executive Director)
- Prepare a description of the role and capabilities required for the particular vacancy
- Identify a list of candidates through personal contacts/recommendations by Board members, senior management, business partners or investors
- Arrange interview(s) with each candidate for the Nomination Committee to evaluate whether he or she meets the criteria adopted by the Nomination Committee for nomination of directors
- Conduct verification on the information provided by the candidate
- Convene a Nomination Committee meeting to discuss and vote on which candidate(s) to nominate to the Board
- Make recommendations to the Board on the candidate(s) for directorship and/or for senior management
- Convene a Board Meeting to discuss and vote on which candidate(s) to appoint to the Board

Criteria for Nomination of Directors

1 Common Criteria for all Directors

The factors which would be used as a reference by the Nomination Committee in assessing the suitability of a proposed candidate to be a Director include, inter alia:

- Character and integrity
- Professional qualifications, skills and knowledge
- Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments
- Relevant experience, including experience at the strategy/policy setting level, high level managerial experience in a complex organization, industry experience and familiarity with the products and processes used by the Company
- Significant business or public experience relevant and beneficial to the Board and the Company

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

Criteria for Nomination of Directors (Continued)

2 Criteria applicable to non-executive Directors/INEDs

The factors which would be used as a reference by the Nomination Committee in assessing the suitability of a proposed candidate to be a non-executive Director or INED include, inter alia:

- Willingness and ability to make a sufficient time commitment to the affairs of the Company in order to effectively perform the duties of a director, including attendance at and active participation in the Board and committee meetings
- Accomplishments of the candidate in his/her field
- Outstanding professional and personal reputation
- The candidate's ability to meet the independence criteria for director established in the Listing Rules

The nominated candidate(s) shall not assume that he/she has been proposed by the Board to stand for election at the general meeting of the Company until a circular to the Shareholders is issued.

In order to provide information of the candidate(s) nominated by the Board to stand for election at a general meeting of the Company, the Company will issue a circular to the Shareholders stating the candidate's name, resume (including qualifications and relevant experience), proposed remuneration and other information required in accordance with the applicable laws, rules and regulations.

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and sees increasing diversity at the Board level as an essential element in supporting its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect.

The following shall be lodged at the head office of the Company at 21 Tuas South Street 7, Singapore 637111 or at the registered office of the Company at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands:

- a notice in writing by the shareholder(s) indicating the intention to propose a person for election as a Director; and
- a notice in writing by the person proposed by the shareholder(s) for election as a Director indicating his/her willingness to be elected.

The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices may be given will be at least seven days.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

Board Diversity Policy

The Company has adopted a board diversity policy, which sets out the approach to achieve sustainable and balanced development of the Company. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time. Selection of candidates will be based on the nomination policy of the Company. The ultimate decision is based on the merit and contribution that the selected candidates will bring to the Board, having due regard for the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect only.

The Nomination Committee is delegated by the Board to review the Board Diversity Policy on a regular basis, make recommendations on measurable objectives for achieving diversity of the Board as appropriate and monitor the progress on achieving the objectives. The Nomination Committee has also adopted specific procedures for nomination and appointment of director to the Board.

Remuneration Committee

The Remuneration Committee consists of two executive Directors, being Mr. Tan Chee Beng and Ms. Tang Ling Ling, and three independent non-executive Directors, being Mr. Leung Yau Wan John (Committee Chairman), Mr. Wee Chorng Kien and Mr. Leung Kee Wai.

The terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

The principal duties of the Remuneration Committee include the following:

- (a) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management;
- (b) assessing the performance of executive directors and approving the terms of executive directors' service contracts; and
- (c) reviewing and approving the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

Remuneration Committee (Continued)

According to the terms of reference of the Remuneration committee, the members of the Remuneration Committee should meet at least once a year. The Company held one meeting during FY2023. The composition of the Remuneration Committee and attendance of the members of the Remuneration Committee at the remuneration committee meetings are set out below:

Members of the Remuneration Committee	Attendance/ Number of Meetings
Mr. Leung Yau Wan John	1
Mr. Tan Chee Beng	1
Ms. Tang Ling Ling	1
Mr. Wee Chorng Kien	1
Mr. Leung Kee Wai	1

The major work performed by the Remuneration for FY2023 is summarized below:

- reviewed the 2023 performance/discretionary bonus to the executive Directors and/or senior management;
- determined the remuneration packages of all executive Directors and senior management, according to each individual director's performance including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and make recommendations to the Board on the remuneration of non-executive Directors; and
- reviewed the remuneration packages for the executive Directors, senior management and other employees of the Group for the year commencing from 1 January 2024 with reference to the time and efforts involved in discharging their duties and the prevailing market conditions.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for FY2023 was within the following band:

	Number of Individuals
S\$0–S\$1,000,000	3

Further particulars in relation to Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Notes 8(c) and 9(a) respectively to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT (CONTINUED)

AUDITOR'S REMUNERATION

The remuneration paid to the external auditor of the Company, McMillan Woods (Hong Kong) CPA Limited, in respect of audit services provided to the Group during FY2023 was analysed below:

Services Category	Fees paid/ payable S\$
Audit Services	
— Statutory audit	119,282

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing, with support from the accounting department, the consolidated financial statements for FY2023, which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements for FY2023, the requirements of the International Financial Reporting Standards and the applicable disclosure requirements of the Listing Rules and the Companies Ordinance were complied with.

The financial statements were prepared on a going concern basis. The Directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis for preparing the financial statements. 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 reporting responsibilities of the Company's external auditor, McMillan Woods (Hong Kong) CPA Limited, are set out in the Independent Auditor's Report on pages 48 to 53.

CORPORATE GOVERNANCE REPORT (CONTINUED)

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness.

The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business at three levels.

Each division of the Group is required to set up appropriate risk management strategies based on the risks identified, propose risk mitigation plans and its implementation. Any material deficiencies or risks identified are reported by the manager of the relevant department to the internal audit department for further investigation, internal control review and enhancement and supervision.

The second level involves the active role of the internal audit department, which is responsible for overseeing the Group's risk management and internal control activities. The internal audit department supervises the individual divisions to ensure principal risks are properly managed and identify and document new or emerging risks. Any new or imminent risks identified are escalated by the internal audit department to the Audit Committee, who in turn makes recommendations to the Board.

Finally, the highest level involves decision-making by the Board, who is responsible for reviewing and approving the risk mitigation procedures recommended and the effectiveness and adequacy of the Group's risk management and internal control systems. The relevant personnel at these three levels frequently communicate to ensure accurate information is shared between all parties.

During FY2023, the internal audit department has examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee. The Board, as supported by the Audit Committee, as well as the individual divisions and internal audit department, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, during FY2022, and considered that such systems are effective and adequate.

The review covered the documentation, testing and assessment of the effectiveness of the procedures, systems and controls established by the Group including various operational cycles of the Group such as the revenue and receipts, purchases and payments, project management, fixed assets and capital expenditure management, financial reporting and industrial safety and environmental protection, as well as the corporate governance practice of the Group. Based on the review and procedures conducted and the review by the Audit Committee and the review report of the internal audit department of the Company, the Board were of the view that the Group's risk management and internal control systems were effective and adequate for the financial year ended 31 December 2023. However, it should be noted 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the provisions of Part XIVA of SFO and the Listing Rules relating to the disclosure of inside information to the public. Any inside information and any information, which may potentially constitute inside information is promptly identified, assessed and escalated to the Board for its determination on the need for disclosure. Inside information and other information which are required to be disclosed pursuant to the Listing Rules will be announced on the respective websites of the Stock Exchange and the Company.

The Company has adopted the Model Code to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to the dealing restrictions. The Company has set restrictions for its Directors and relevant employees of the Group from dealing in the securities of the Company during "closed periods" and "prohibited periods" and from the unauthorized use of confidential or inside information for the advantage of oneself or others.

COMPANY SECRETARY

Mr. Wong Chi Wai was appointed as company secretary on 23 April 2021. The primary corporate contact person in the Company with whom Mr. Wong Chi Wai has been contacting in respect of company secretarial matters is Ms. Tang Ling Ling, the executive Director of the Company.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Company. An annual general meeting of the Company is expected to be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM"). Shareholders are encouraged to participate in EGMs or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

The Company values communication with the shareholders. Effective and timely dissemination of information to shareholders and the investment community shall be ensured at all times. To safeguard shareholder interests and rights, a separate resolution should be proposed for each substantially separate issue at general meetings, including but not limited to the election of individual Director. In accordance with Listing Rules' requirement, all resolutions put forward at general meetings shall be voted on by poll and poll results shall be posted on the websites of the Company and of the Stock Exchange after each general meeting.

CORPORATE GOVERNANCE REPORT (CONTINUED)

SHAREHOLDERS' RIGHTS (CONTINUED)

Convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings

Pursuant to article 64 of the Articles, EGMs shall be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary by mail to 12/F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition.

The requisition must clearly state the name of the requisitionist(s) concerned, his/her/their shareholding the Company, the reason(s) to convene an EGM and the agenda of the EGM, including the details of the business proposed to be transacted at the EGM. The requisition must be signed by the requisitionist(s) concerned together with a deposit of a sum of money reasonably sufficient to meet the Company's expenses for the said purposes.

Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition.

Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene 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.

Shareholders who propose new resolutions at the general meetings can also follow the above procedures.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company, contact details of which are provided below. The Company will not normally deal with verbal or anonymous enquiries. Shareholders and the investment community may at any time submit a request for information on the Company to the extent such information is public available.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 21 Tuas South Street 7 Singapore 637111 (marked for the attention of the Board of Directors or the Company Secretary)

Email: info@bsm.com.sg

Enquiry line +65 6288 1280

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CORPORATE GOVERNANCE REPORT (CONTINUED)

COMMUNICATION WITH THE SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, general meeting, the annual report, interim report and quarterly reports (if any), notices, announcements and circulars that are available on the Stock Exchanges website (www.hkex.com.hk) and the Company's website (<http://www.bsm.com.sg/>).

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees are available to answer questions at shareholder meetings.

The AGM of the Company will be held on 31 May 2024. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

CONSTITUTIONAL DOCUMENTS

On 28 April 2023, the Board proposed to amend the memorandum and articles of association of the Company in order to, inter alia, (i) bring the memorandum and articles of association of the Company in alignment with the Core Shareholder Protection Standards set out in Appendix 3 to the Listing Rules and the applicable laws of the Cayman Islands; and (ii) make other housekeeping amendments, including consequential amendments in line with the above amendments to the memorandum and articles of association of the Company.

The proposed amendments and the proposed adoption of the second amended and restated memorandum and articles of association was approved by way of special resolution at the annual general meeting of the Company held on 1 June 2023.

For details, please refer to the Company's announcements dated 28 April 2023 and 1 June 2023 and Company's circular dated 28 April 2023.

INDEPENDENT AUDITOR'S REPORT



To the Members of Beng Soon Machinery Holdings Limited
(incorporated in the Cayman Island with limited liability)

OPINION

We have audited the consolidated financial statements of Beng Soon Machinery Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 54 to 114, which comprise the consolidated statement of financial position 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 for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("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 Hong Kong Institute of Certified Public Accountants's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter identified in our audit is related to revenue recognition of demolition service projects.

Key Audit Matter

How our audit addressed the key audit matter

Revenue recognition of demolition services projects

Refer to Notes 2.8 and 6 to the consolidated financial statements.

We focused on auditing the recognition of revenue from the demolition service projects because it involves a high degree of estimation uncertainty in relation to the following:

(a) Transaction price of demolition service projects

Demolition service projects of the Group included variable considerations in the form of (i) expected proceeds from disposal of salvage materials removed from the demolition sites to third party salvage materials buyers and (ii) expected earth disposal proceeds from earth providers for depositing earth at demolition sites for landfilling purpose.

In connection with the two types of aforesaid variable considerations, management makes significant judgement when estimating the quantities of salvage materials to be disposed, the earth to be deposited at the sites and the expected price.

Our procedures performed in relation to management's judgement on recognition of revenue from demolition service projects included:

We obtained an understanding of the management's internal control and assessment process of determining the transaction price and progress measurement for revenue recognition of the demolition service projects and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.

We evaluated and tested the relevant key controls on a sample basis, around the revenue recognition process with particular focus on, but not limited to, controls over cost budgeting and periodic review of estimated total contract costs and contract sum.

We also selected a number of demolition service projects on a sample basis and performed the audit procedures below, including:

- Inspected the signed contracts and correspondence with the customers and subcontractors to obtain audit evidence on the contract sum and terms, claims with customers and sub-contractors;
- Tested the actual contract costs incurred during the reporting period by tracing to supporting documents;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter

How our audit addressed the key audit matter

(b) Measurement on progress

Project progress is determined based on proportion of actual costs of work performed to date as compared to total budgeted costs of demolition, in which management makes significant judgement when estimating the costs to be incurred for the project, including depreciation of machinery and equipment, labour costs, sub-contractor charges and other consumables.

Due to the significant management judgements and estimates involved in revenue recognition and audit risk to address, we considered this as a key audit matter.

- Assessed the effectiveness of management's estimation process on the total budgeted costs of demolition by comparing estimates of cost to be incurred with completed projects of similar nature, understanding with project teams about the basis of allocation of budgeted costs;
- Assessed the progress against contractual timeline for delays and the need for provision for liquidated damages;
- Discussed with management and the respective project teams and conducted site visits for major sites in progress to understand the progress of the projects;
- Assessed the effectiveness of management's estimation process on the estimated variable considerations by comparing estimates of prior period projects' variation considerations with actual sales transactions for both price and quantities of salvage materials and landfilling;
- Tested samples of subsequent sales from disposal of salvage materials and landfilling by tracing to invoices to salvage material buyers and earth providers to assess the reasonableness of management's estimation of the variable considerations; and
- Tested the project progress based on the actual costs of work performed to date and the total budgeted costs, and recalculated the revenue recognised based on the project progress and latest estimated total proceeds of the project.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the 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. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE 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 such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee and the directors are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (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. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment 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 the 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)

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

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

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

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

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

XIA, YUNRAN

Audit Engagement Director

Practising Certificate Number: P07797

24/F., Siu On Centre,
188 Lockhart Road,
Wan Chai, Hong Kong

Hong Kong
28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	Year ended 31 December	
		2023 S\$	2022 S\$
Revenue	6	29,352,207	32,737,560
Cost of sales	8	(20,112,021)	(23,243,310)
Gross profit		9,240,186	9,494,250
Other income	7	475,985	316,314
Other gains — net	7	606,143	440,292
Allowance for expected credit losses (“ECL”) of trade receivables		(112,883)	—
Selling and distribution expenses	8	(248,790)	(192,511)
Administrative expenses	8	(9,383,965)	(8,649,494)
Operating profit		576,676	1,408,851
Finance costs	10	(251,770)	(278,300)
Profit before income tax		324,906	1,130,551
Income tax	11	(300,613)	(610,734)
Profit after income tax		24,293	519,817
Other comprehensive income/(expense)			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		19,778	35,347
Realisation of currency translation reserve upon deregistration of a subsidiary		(20,359)	—
Total comprehensive income		23,712	555,164
Profit/(loss) attributable to:			
Equity holders of the Company		24,683	524,728
Non-controlling interests		(390)	(4,911)
		24,293	519,817
Total comprehensive income/(expense) attributable to:			
Equity holders of the Company		24,102	550,645
Non-controlling interests		(390)	4,519
		23,712	555,164
Earnings per share (expressed in S\$ cent)			
Basic and diluted	12	0.00	0.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	As at 31 December	
		2023 S\$	2022 S\$
Assets			
Non-current assets			
Property, plant and equipment	14	14,544,205	16,854,887
Intangible assets	15	–	22,889
Right-of-use assets	24	8,057,716	7,983,379
Investment property	16	1,920,960	1,965,120
Financial asset at fair value through profit or loss	17	176,285	178,355
		24,699,166	27,004,630
Current assets			
Contract related assets and costs	6	9,103,965	6,734,709
Deposits paid to customers	6	64,508	6,551
Trade receivables	19	4,249,504	2,737,329
Deposits, prepayments and other receivables	20	73,609	240,599
Cash and cash equivalents	21	15,110,312	17,057,563
		28,601,898	26,776,751
Total assets		53,301,064	53,781,381
Equity attributable to equity holders of the Company			
Share capital	26	1,742,159	1,742,159
Other reserves		21,689,838	21,690,419
Retained earnings		16,654,477	16,629,794
		40,086,474	40,062,372
Non-controlling interests		8,601	(193,674)
Total equity		40,095,075	39,868,698

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2023

	Notes	As at 31 December	
		2023 S\$	2022 S\$
Liabilities			
Non-current liabilities			
Borrowings	23	–	97,510
Lease liabilities	24	8,025,019	8,305,374
Deferred income tax liabilities	25	928,584	610,734
		8,953,603	9,013,618
Current liabilities			
Trade and other payables	22	3,182,271	3,510,865
Borrowings	23	–	585,064
Lease liabilities	24	1,070,115	803,136
		4,252,386	4,899,065
Total liabilities		13,205,989	13,912,683
Total equity and liabilities		53,301,064	53,781,381

Approved by the Board of Directors on 28 March 2024 and signed on its behalf of:

Tan Chee Beng
Director

Tang Ling Ling
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity holders of the Company					Total
	Share capital	Other reserves (Note)	Retained earnings	Currency translation reserve	Non-controlling interest	
	S\$	S\$	S\$	S\$	S\$	
At 1 January 2022	1,742,159	21,853,646	16,105,066	(189,144)	(198,193)	39,313,534
Profit/(loss) for the year	-	-	524,728	-	(4,911)	519,817
Comprehensive income/(expense):						
Currency translation on foreign operations	-	-	-	25,917	9,430	35,347
At 31 December 2022	1,742,159	21,853,646	16,629,794	(163,227)	(193,674)	39,868,698
At 1 January 2023	1,742,159	21,853,646	16,629,794	(163,227)	(193,674)	39,868,698
Profit/(loss) for the year	-	-	24,683	-	(390)	24,293
Comprehensive income/(expense):						
Currency translation on foreign operations	-	-	-	19,778	-	19,778
Release of non-controlling interest upon deregistration of a subsidiary	-	-	-	-	202,665	202,665
Realisation of currency translation reserve upon deregistration of a subsidiary	-	-	-	(20,359)	-	(20,359)
At 31 December 2023	1,742,159	21,853,646	16,654,477	(163,808)	8,601	40,095,075

Note: Other reserves mainly represented the paid-in capital of the subsidiaries acquired and issuance of shares. Details of other reserves are set out in the note 27 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 S\$	2022 S\$
Cash generated from operations	29	108,543	7,392,945
Interest received		412,456	64,266
Tax refunded from carry-back relief		17,237	-
Net cash generated from operating activities		538,236	7,457,211
Cash flows from investing activities			
Cash outflow upon deregistration of a subsidiary	29(f)	(134)	-
Purchases of property, plant and equipment	29(c)	(872,823)	(1,380,744)
Payment for right-of-use assets	29(e)	(540,543)	(404,576)
Proceeds from disposal of property, plant and equipment	29(b)	409,842	765,171
Proceeds from disposal of right-of-use assets	29(d)	260,000	-
Net cash used in investing activities		(743,658)	(1,020,149)
Cash flows from financing activities			
Repayments of borrowings	29(a)	(682,574)	(585,064)
Payment for principal elements of lease	29(a)	(804,596)	(799,315)
Interest paid	10	(251,770)	(278,300)
Net cash used in financing activities		(1,738,940)	(1,662,679)
Net (decrease)/increase in cash and cash equivalents		(1,944,362)	4,774,383
Cash and cash equivalents at beginning of the year		17,057,563	12,276,901
Effects of currency translation on cash and cash equivalents		(2,889)	6,279
Cash and cash equivalents at end of the year	21	15,110,312	17,057,563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1 GENERAL INFORMATION

Beng Soon Machinery Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 6 April 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands and listed (the “Listing”) on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 November 2019 (the “Listing Date”). The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the provision of demolition services, sale of inventories and leasing of machinery in Singapore.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (the “IASB”). The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) New and amendments to IFRSs, which are effective in 2023 and adopted by the Group

The Group has applied the following new and amendments to standards which are effective for the financial period beginning on or after 1 January 2023 and relevant to the Group:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

The above new and amendment to standards effective for the financial period beginning on or after 1 January 2023 does not have a material impact on the Group results and financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.1 Basis of preparation (Continued)

(b) Amendments to IFRSs in issue but not yet adopted

The following new amendments to IFRSs that are relevant to the Group have been published but are not yet effective for the year and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Company expect that the application of all other amendments to IFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.1 Basis of preparation (Continued)

(c) **Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) — Long Service Payment (“LSP”) offsetting mechanism in Hong Kong**

In June 2022, the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1st May, 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong.

In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of IAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. The directors of the Company assessed and the Amendment Ordinance has no material impact on the Group’s LSP liability and staff cost. Hence, no material impact on the Group’s results and financial position.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has the control. 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 Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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 functional currency of the principal operating subsidiaries of the Group and Group's presentation currency. The functional currency of the Company is Hong Kong dollar ("HK\$").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end-exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are recognised in the profit or loss, within finance costs. All other foreign exchange gains and losses are recognised in the profit or loss on a net basis within other gains — net.

2.5 Property, plant and equipment

Property, plant and equipment is 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.5 Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost over its estimated useful lives, as follows:

	Useful lives
Building	20 years
Plant and machinery, tools and equipment	10 years
Motor vehicles	5 years
Office equipment, furniture and fittings	5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss under "other gains – net".

2.6 Investment property

Investment property which is property held to earn rentals and/or for capital appreciation is measured initially at cost including transaction costs, and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years. Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.7 Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

2.8 Revenue recognition

(i) Demolition services

The Group provides demolition services to customers who are project owners. Demolition services include (i) demolition; (ii) site clearance of salvage materials resulting from demolition; and (iii) landfilling of demolition sites.

Revenue is recognised over time as the project owners simultaneously receives and consumes the benefits provided by the Group as the demolition services are performed. The measure of demolition progress is determined based on the proportion of costs incurred to-date to the estimated total costs for each service.

Costs incurred in providing demolition services include setup and mobilisation cost that are recognised as assets under “contract related assets and costs” in Note 6(b) when they are expected to be recovered and its amortisation within cost of sales. Otherwise, such costs are recognised as an expense immediately.

Estimates of revenue from demolition services (arising from estimation of proceeds from disposal of salvage materials and proceeds from earth providers for depositing earth), costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Transaction price of a demolition services project includes net fixed amount received or receivable directly from the project owners and variable considerations in the form of proceeds from (i) disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (ii) earth providers for depositing earth at demolition sites for landfilling purpose on behalf of project owners. Accumulated experience and recent market prices are used to estimate the variable consideration to the extent that it is highly probable that a significant reversal will not occur, using the expected value method, to be included in the transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.8 Revenue recognition (Continued)

(i) Demolition services (Continued)

Consideration payable to project owners are accounted for as reduction of transaction price above unless the payment is in exchange for a distinct good or service that the project owner transfers to the Group. Certain contracts require the Group to pay an upfront payment to the project owner at the inception of the contract and that is recognised under "deposits paid to customers".

If the value of the services rendered by the Group exceed the net payments received, a contract asset is recognised. If the payments exceed the value of the services rendered, a contract liability is recognised.

Trade receivables and retention are recognised for amounts billed to project owners for services and salvage materials buyers and earth providers. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(ii) Sale of inventories

The Group sells inventories of machinery and equipment. Sales are recognised when control of the products has transferred to the customers, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

A trade receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(iii) Leasing income

Leasing income from operating leases of machinery and investment property are recognised on a straight-line basis over the terms of the respective leases.

(iv) Interest income

Interest income is recognised in other income using the effective interest rate method.

(v) Service income

Revenue from providing services is recognised when the services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.9 Investments in subsidiaries

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment.

Impairment testing of the investments in subsidiaries is required upon receiving dividends received from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.10 Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income or through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group currently only has a keyman insurance contract, a debt instrument which is classified as fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.11 Financial assets (Continued)

2.11.2 Measurement

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

Debt instruments held at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Debt instruments are presented as “trade receivables”, “deposits and other receivables” and “cash and cash equivalents” on the consolidated statement of financial position.

Financial asset at fair value through profit or loss

The Group acquired a keyman insurance contract. The insurance contract is initially recognised at the amount of the premium paid and subsequently carried at fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Changes in the fair value of financial asset at fair value through profit or loss are recognised in “other gains — net” as applicable.

2.11.3 Impairment on financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and debt investment at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. At each reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on deposits, other receivables and cash and cash equivalents are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.11 Financial assets (Continued)

2.11.4 Recognition and derecognition

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

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

On disposal of a debt instrument and financial assets at fair value through profit or loss, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include cash, which comprises of cash on hand, cash at bank and unpledged fixed deposit at bank, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.15 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at each end of the reporting period date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by each end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.16 Employee benefits

(a) Pension obligations

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. No forfeited contributions were available to the Group to reduce the existing level of contributions and the Group does not have any defined benefit plans.

(b) Bonus plans

The expected costs of bonus payment are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to each end of the reporting period.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to anyone item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.18 Leases

(a) Lessor

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the underlying assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

(b) Lessee

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments, where applicable:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payment that are based on an index or a rate;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.18 Leases (Continued)

(b) Lessee (Continued)

Right-of-use assets are measured at costs comprising the following, where applicable:

- (a) the amount of the initial measurement of lease liability;
- (b) any lease payments made at or before the commencement date less any lease incentives received;
- (c) any initial direct costs; and
- (d) reinstatement costs.

Depreciation of right-of-use asset is calculated using straight line method as follow:

Land	Over the lease term
Office equipment	Over the lease term
Plant and machinery	10 years
Motor vehicles	5 years

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.20 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, interest rate risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group operates in Singapore and most of its income and expenditures are denominated in S\$, being the functional currency of the Company. The Group has exposure to foreign exchange risk as a result of cash and cash equivalents, trade receivables, deposits and other receivables and trade and other payables denominated in the United States dollar ("USD") and Hong Kong dollar ("HK\$") and Renminbi ("RMB").

As at 31 December 2023, should S\$ be strengthened/weakened by 4% (2022: 4%) against USD and HK\$ and RMB, with all other variables held constant, the net impact on the Group's post tax profit and the equity would have been approximately S\$5,000 (2022: S\$5,000) lower/higher for the year ended 31 December 2023 as a result of foreign exchange losses/gain.

The Group's exposure to other foreign exchange movements is not material.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The credit risk of the Group's financial assets, which mainly comprise cash and cash equivalents, trade receivables, deposits and other receivables and contract assets, arises from potential default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

(i) Credit risk of cash and cash equivalents

To manage this risk arising from cash and cash equivalents, they are mainly placed with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

(ii) Credit risk of trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Credit risk of trade receivables and contract assets (Continued)

The expected loss rates are grouped based on shared credit risk characteristics and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the relevant industry GDP in which it provides services in to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2023 and 2022 was determined as follows for both trade receivables and contract assets:

At 31 December 2023	Current	1-30 days	31-60 days	61-90 days	More than	Total
	S\$	past due S\$	past due S\$	past due S\$	90 days past due S\$	
Gross carrying amount — trade receivables	2,974,165	182,462	34,160	1,156	383,117	3,575,060
Gross carrying amount — contract assets	9,103,965	-	-	-	-	9,103,965
Loss allowance	-	-	-	-	383,117	383,117
Expected loss rate	0%*	0%	0%	0%	100%	

At 31 December 2022	Current	1-30 days	31-60 days	61-90 days	More than	Total
	S\$	past due S\$	past due S\$	past due S\$	90 days past due S\$	
Gross carrying amount — trade receivables	1,746,244	320,106	6,687	4,538	365,329	2,442,904
Gross carrying amount — contract assets	6,734,709	-	-	-	-	6,734,709
Loss allowance	-	-	-	-	270,234	270,234
Expected loss rate	0%*	0%	0%	0%	74%	

* The Group consider the expected credit loss are not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk of other receivables

Other receivables at the end of the financial year were mainly deposits. The directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the third party; and
- significant changes in the expected performance and behavior of the third party, including changes in the payment status of the third party.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment/repayable demanded.

A default on a financial asset is when the counterparty fails to make contractual payments/repayable demanded within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories a loan or receivable for write off when a debtor fails to make contractual payments/repayable demanded greater than 120 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Based on historical experience, majority of the other receivables were settled shortly upon maturity, hence the expected credit loss is immaterial.

The Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors and adjusts for forward-looking macroeconomic data.

No significant changes to estimation techniques or assumptions were made during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings and cash and cash equivalents placed with creditworthy licensed banks at variable rates which exposes the Group to cash flow interest rate risk.

The Group manages its exposure to interest rate risk by maintaining borrowings and bank deposits at a suitable level.

As at 31 December 2023, if interest rates had been 100 basis points higher/lower with all other variables held constant, the impact on the Group's post tax profit and the equity for the year ended 31 December 2023 would have been approximately S\$39,145 (2022: S\$71,926) lower/higher.

The sensitivity analysis above has been determined assuming that the change in interest rate had occurred at the end of the financial year and had been applied to the exposure to interest rate risk for the Group's fixed or mix of fixed and floating rate borrowings in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible changes in interest rates over the period until the end of the next annual reporting period.

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group also maintains a conservative level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the course of ordinary business.

During the year ended 31 December 2023, the Group complied with all externally imposed loan covenant requirements to which it was subjected to (2022: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

The table below analyses the Group's contractual maturity for its financial liabilities. The amounts disclosed in the table have been drawn up with reference to the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On demand or within 1 year S\$	Between 1 and 2 years S\$	Between 2 and 5 years S\$	Over 5 years S\$	Total contractual undiscounted cashflow S\$	Carrying amounts S\$
As at 31 December 2023						
– Trade and other payables (excluding statutory liabilities)	3,158,021	–	–	–	3,158,021	3,158,021
– Borrowings	–	–	–	–	–	–
– Lease liabilities	1,309,968	1,025,458	2,273,078	5,993,952	10,602,456	9,095,134
	4,467,989	1,025,458	2,273,078	5,993,952	13,760,477	12,253,155
As at 31 December 2022						
– Trade and other payables (excluding statutory liabilities)	2,988,035	–	–	–	2,988,035	2,988,035
– Borrowings	580,461	119,179	–	–	699,640	682,574
– Lease liabilities	1,040,005	892,338	2,162,942	6,721,083	10,816,368	9,108,510
	4,608,501	1,011,517	2,162,942	6,721,083	14,504,043	12,779,119

(e) Price risk

The Group's keyman insurance contract is exposed to price risk as it is classified as financial assets at fair value through profit or loss. As at 31 December 2023, if cash surrender value as defined in the keyman insurance contract had been 5% (2022: 5%) higher/lower, the impact on the Group's post tax profit and the equity for the year ended 31 December 2023 would have been approximately S\$8,814 (2022: S\$8,918) higher/lower.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

3.2 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 to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The externally imposed capital requirements for the Group are to meet financial covenants attached to the borrowings. Breaches in meeting the financial covenants would permit the bank to immediately cancel, reduce or vary the banking facilities or to demand immediate repayment. There have been no breaches in the financial covenants of borrowings for the years ended 31 December 2023 and 2022.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as "Equity" as shown in the consolidated statement of financial position plus net cash, where applicable.

	2023 S\$	2022 S\$
Borrowings (Note 23)	–	682,574
Lease liabilities (Note 24)	9,095,134	9,108,510
Less: Cash and cash equivalents (Note 21)	(15,110,312)	(17,057,563)
Net cash	(6,015,178)	(7,266,479)
Total equity	40,086,474	40,062,372
Total capital	34,071,296	32,795,893
Gearing ratio	N/A	N/A

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

	Level 1 S\$	Level 2 S\$	Level 3 S\$
At 31 December 2022			
Assets			
Financial asset at fair value through profit or loss			
– Keyman insurance contract	–	–	178,355
At 31 December 2023			
Assets			
Financial asset at fair value through profit or loss			
– Keyman insurance contract	–	–	176,285

There were no transfers among Levels 1, 2 and 3 during the years ended 31 December 2022 and 2023.

The following table presents the changes in Level 3 instruments:

	2023 S\$	2022 S\$
Financial asset at fair value through profit or loss		
At 1 January	178,355	170,160
Currency exchange differences	(8,045)	3,559
Fair value gain recognised in profit or loss (Note 7)	5,975	4,636
At 31 December	176,285	178,355

The fair value of the keyman insurance contract purchased for a key management personnel of the Group is determined based on the cash surrender value, which is primarily based on the performance of the underlying investment portfolio in accordance with the keyman insurance contract which is not an observable input. Management estimates the fair value based on the latest policy quarterly statement of the keyman insurance contract provided by the insurance company. The fair value gain recognised in profit or loss is mainly attributable to the change in unrealized gains or losses relating to Keyman insurance contract held as at 31 December 2023.

The unobservable input is the cash surrender value quoted by the insurance company according to the keyman insurance contract. When the cash surrender value is higher, the fair value of the keyman insurance contract will be higher.

The carrying amounts of the Group's financial assets, including trade receivables, contract assets, deposits and other receivables, and cash and cash equivalents, and financial liabilities, including trade and other payables, borrowings and lease liabilities, approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimation of transaction prices for demolition service projects

The Group's management estimates the transaction price of each demolition service project based on the management budgets prepared for the demolition service revenue. Transaction price included variable considerations in the form of expected proceeds from disposal of salvage and other materials removed from the demolition sites to third party salvage materials buyers; and expected proceeds from earth disposal from earth providers for depositing earth at demolition sites for landfilling purpose. Accumulated experience and recent market prices are used to estimate the variable consideration. Management conducts periodic review on the management budgets by reviewing the actual amounts earned. Items that are subjected to significant variances that will impact the estimated transaction price of the projects include the changes in estimations of actual salvage materials available for sale, actual price of salvage materials upon sale, and actual earth disposal handling quantity and price sold.

(b) Measure of progress of demolition service projects

The Group measures its progress and recognises its revenue according to the proportion of actual cost of work performed to date as compared to total budgeted costs of demolition. Due to the nature of the activity undertaken in these projects, the date at which the project activity is entered into and the date when the activity is completed may fall into different accounting periods. Budgeted costs which mainly comprise depreciation of plant and machinery, labour costs, sub-contracting charges and consumables are estimated by management. Management conducts periodic review on the management budgets by reviewing the actual amounts incurred. Items that are subjected to significant variances that will impact the budgeted costs, and hence the measurement of progress, include the changes in estimations of costs to be incurred for depreciation of plant and machinery, labour costs, sub-contracting charges and consumables.

(c) Allowances for financial assets

The loss allowances for trade and other receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of financial year. Details are disclosed in the tables in Note 3.

As at 31 December 2023, the carrying amount of trade and other receivables and contract assets are S\$4,249,504 (net of allowance for impairments of S\$383,117), S\$11,810 and S\$9,103,965 respectively (2022: S\$2,737,329 (net of allowance for impairments of S\$270,234), S\$104,768 and S\$6,734,709 respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

5 SEGMENT INFORMATION

The CODM has been identified as the executive directors of the Group who reviews the Group's internal reporting in order to assess performance and allocate resources.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the provision of demolition services, sale of inventories and leasing of machinery in Singapore. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Majority of the Group's activities are carried out in Singapore and majority of the Group's assets and liabilities are located in Singapore. Accordingly, there is no analysis by geographical basis.

Revenue are all derived from external project owners in Singapore. During the year ended 31 December 2023, there were 3 project owners (2022: 1 project owner), which individually contributed over 10% of the Group's total revenue. The revenue generated from the demolishing sites from each of these project owners during the financial year are summarise below:

	2023 S\$	2022 S\$
Customer 1	4,952,018	10,491,458
Customer 2	4,469,807	N/A
Customer 3	3,977,818	N/A

The above represents revenue generated from the demolition sites of relevant project owners in which proceeds are received from project owners as net contract sum, salvage materials buyers from disposal of salvage materials and earth providers from handling earth disposal to the demolition sites.

In terms of proceeds from salvage materials buyers, proceeds from 2 salvage materials buyers (2022: 2 salvage materials buyers) contributed over 10% of the Group's revenue during the year ended 31 December 2023. The proceeds received/receivable from these salvage material buyers are summarised below:

	2023 S\$	2022 S\$
Salvage material buyer 1	10,463,320	10,424,831
Salvage material buyer 2	6,109,124	6,344,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

6 REVENUE

	2023 S\$	2022 S\$
Revenue from contracts with customers	29,106,039	32,438,515
Others	246,168	299,045
Total revenue	29,352,207	32,737,560

(a) Disaggregation of revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Provision of demolition services (Note (i)) S\$	Others (Note (ii)) S\$	Total S\$
Year ended 31 December 2023:			
Timing of revenue recognition			
At a point in time	–	30,335	30,335
Over time	29,106,039	–	29,106,039
Total	29,106,039	30,335	29,136,374
Year ended 31 December 2022:			
Timing of revenue recognition			
At a point in time	–	105,710	105,710
Over time	32,438,515	–	32,438,515
Total	32,438,515	105,710	32,544,225

Notes:

- (i) Revenue from provision of demolition services were derived from undertaking demolition projects which include (i) the net payment directly from the project owners; (ii) the proceeds from disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (iii) earth disposal proceeds from earth providers for depositing earth at demolition sites for landfilling purpose.
- (ii) Other revenue mainly comprises of other service income for services rendered for provision of labour and equipment and other miscellaneous works, like repairment and maintenance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

6 REVENUE (CONTINUED)

(b) Contract related assets and costs

The Group has recognised the following revenue-related contract related assets and costs:

	2023 S\$	2022 S\$
Contract assets — demolition projects (Note (i))	9,103,965	6,734,709

(i) Significant changes in contract assets

Due to the higher number of ongoing projects as of 31 December 2023 as compared to 2022, the amount of contract assets increased as of 31 December 2023.

(ii) Revenue recognised in relation to contract liabilities

No revenue was recognised in relation to the contract liabilities at the beginning of the year and performance obligations satisfied in previous year (2022: Nil).

(iii) Unsatisfied long-term contracts

As at 31 December 2023 and 2022, as permitted by IFRS 15, transaction price allocated to unsatisfied contracts with original expected duration of one year or less is not disclosed.

(c) Deposits paid to customers

	2023 S\$	2022 S\$
Deposits paid to customers for secured contracts	64,508	6,551

Deposits are amortised to profit and loss as reduction of revenue simultaneously with the transfer to the customer of the demolition service to which the deposit relates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

7 OTHER INCOME AND OTHER GAINS — NET

	2023 S\$	2022 S\$
Other income:		
Interest income	412,456	64,266
Government grants (Note (a))	35,529	228,998
Rental income from investment property	28,000	23,032
Miscellaneous income	–	18
Total other income	475,985	316,314
Other gains/(losses) — net:		
Gain on deregistration of a subsidiary (Note 29(f))	207,156	–
Gain on disposals of property, plant and equipment	362,312	428,886
Gain on disposals of right-of-use assets	47,133	–
Currency exchange (losses)/gain — net	(16,433)	6,770
Fair value gain on financial asset at fair value through profit or loss	5,975	4,636
Total other gains — net	606,143	440,292
Total other income and other gains — net	1,082,128	756,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

7 OTHER INCOME AND OTHER GAINS — NET (CONTINUED)

Note:

- (a) Government grants mainly comprised Jobs Growth Incentive, Productivity Solutions Grant and Foreign Worker Levy rebates granted to the Group by the Singapore authorities.

	2023 S\$	2022 S\$
Jobs Growth Incentive ("JGI")	5,850	94,871
Foreign Worker Levy rebates ("FWL")	–	92,850
Productivity Solutions Grant ("PSG")	20,861	–
Others	8,818	41,277
	35,529	228,998

JGI

JGI is a scheme introduced by the Inland Revenue Authority of Singapore to support employers to expand local hiring from September 2020 to March 2023.

PSG

PSG is a scheme launched on April 2018 to help Singapore companies improve their productivity and automate existing processes through IT solutions and equipment.

FWL

Another scheme to aid companies through the outbreak of the COVID-19 was the waiver of FWL to help companies cut costs and improve their cashflow. For the year ended 31 December 2022, the Group recognised FWL rebate of S\$92,850.

The Group do not have unfulfilled conditions and other contingencies attaching to the government grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

8 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	2023 S\$	2022 S\$
Sub-contractor charges	5,649,155	6,906,035
Contract related sum	2,195,200	583,000
Transportation expenses	326,528	308,608
Maintenance expenses	1,035,767	1,064,259
Insurance expenses	161,749	258,300
Raw materials, consumables and other overheads	3,280,991	5,998,792
Employee benefits expenses, including directors' emoluments (Note b)	10,547,838	9,681,369
Depreciation (Notes 14, 16 and 24)	4,224,694	4,480,742
Amortisation of intangible assets (Note 15)	–	9,717
Legal and professional fees	277,548	299,273
Auditor's remuneration	119,282	125,642
Expenses relating to short-term leases	714,275	1,363,405
Motor vehicle expenses	86,088	85,909
Utility expenses	139,623	137,928
Entertainment expenses	140,916	68,773
Property tax	92,690	92,690
Others (Note (a))	752,432	620,873
Total cost of sales, selling and distributions expenses and administrative expenses	29,744,776	32,085,315

Notes:

(a) Others included marketing and distribution expenses, registration fee, secretarial fee and other miscellaneous expenses, etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

8 EXPENSES BY NATURE (CONTINUED)

Notes: (Continued)

(b)

	2023 S\$	2022 S\$
Wages, salaries, bonuses and other benefits	10,130,497	9,266,498
Pension costs — defined contribution plans	417,341	414,871
	10,547,838	9,681,369
	2023 S\$	2022 S\$
Amount included in:		
Cost of sales	3,393,788	3,144,712
Administrative expenses	7,154,050	6,536,657
	10,547,838	9,681,369

The Group contributes to defined contribution retirement plans which are available for eligible employees in Singapore.

The Group's companies in Singapore participate in the Central Provident Fund Scheme (the "CPF Scheme") which is registered under Central Provident Fund Act in Singapore for all qualifying employees in Singapore. The Group contributes to the CPF Scheme based on certain percentages of relevant monthly salaries of employees, subject to a certain ceiling, as stipulated by the relevant regulations. The Group has no further payment obligation once the contributions have been paid. The Group's contributions to the CPF Scheme vest fully and immediately with the employees.

During the years ended 31 December 2022 and 2023, the Group had no forfeited contributions under the CPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2022 and 2023 under the CPF Scheme which may be used by the Group to reduce the contribution payable in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

8 EXPENSES BY NATURE (CONTINUED)

Notes: (Continued)

(c) **Five highest paid individuals**

The five individuals whose remuneration were the highest in the Group include the 3 directors (2022: 3 directors) for the year ended 31 December 2023, whose remuneration are reflected in the analysis presented in Note 9(a) below.

The remuneration paid to the remaining 2 individuals (2022: 2 individuals) for the year ended 31 December 2023 is as follows:

	2023 S\$	2022 S\$
Wages, salaries and other benefits	432,230	384,000
Discretionary bonuses*	680,000	324,000
Pension costs — defined contribution plans	26,322	24,480
	1,138,552	732,480

* The basis of the bonus given to is based on Group's and individual performance.

The emoluments of the remaining 2 individuals (2022: 2 individuals) for the year ended 31 December 2023, fell within the following bands:

	2023	2022
Emoluments band (in HK\$)		
HK\$1,000,001-HK\$1,500,000	-	1
HK\$2,500,001-HK\$3,000,000	-	1
HK\$3,000,001-HK\$3,500,000	2	-

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any for the five highest paid individuals during the year ended 31 December 2023 (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors of the Group paid and payable by the Group for the financial year are set out below:

For the year ended 31 December 2023:

Name	Fee S\$	Salaries S\$	Discretionary bonuses* S\$	Allowances S\$	Employer's contribution to pension scheme S\$	Total S\$
Executive directors:						
Mr. Tan	31,046	434,000	500,000	199,013	8,774	1,172,833
Ms. Tang Ling Ling ("Ms. Tang")	31,046	342,770	430,000	59,704	17,544	881,064
Mr. Tan Wei Leong ("Mr. Alvin Tan")	31,046	174,385	200,000	59,704	17,544	482,679
Mr. Cheung Kam Fai	31,046	-	-	6,468	-	37,514
Mr. Ngan Kin Fung (Note)	31,046	-	-	3,881	-	34,927
Independent non-executive directors:						
Mr. Leung Yau Wan John	41,166	-	-	8,576	-	49,742
Mr. Leung Kee Wai	31,046	-	-	6,468	-	37,514
Mr. Wee Chorng Kien	31,046	-	-	6,468	-	37,514
	258,488	951,155	1,130,000	350,282	43,862	2,733,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

9 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

For the year ended 31 December 2022:

Name	Fee S\$	Salaries S\$	Discretionary bonuses* S\$	Allowances S\$	Employer's contribution to pension scheme S\$	Total S\$
Executive directors:						
Mr. Tan	31,866	384,000	414,000	102,113	8,160	940,139
Ms. Tang Ling Ling ("Ms. Tang")	31,866	264,000	604,000	81,690	17,340	998,896
Mr. Tan Wei Leong ("Mr. Alvin Tan")	31,866	132,000	132,000	81,690	17,340	394,896
Mr. Cheung Kam Fai	31,866	-	-	5,311	-	37,177
Mr. Ngan Kin Fung (Note)	25,227	-	-	-	-	25,227
Independent non-executive directors:						
Mr. Leung Yau Wan John	42,254	-	-	7,042	-	49,296
Mr. Leung Kee Wai	31,866	-	-	5,311	-	37,177
Mr. Wee Chorng Kien	31,866	-	-	5,311	-	37,177
	258,677	780,000	1,150,000	288,468	42,840	2,519,985

Note: Mr. Ngan Kin Fung was appointed as the executive director on 15 March 2022.

* Certain executive directors to the Group are entitle to bonus payments, which are determined based on Group's and individual performance.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as directors (fee portion) and employees (other portion) to the Group and no directors waived any emolument during the years ended 31 December 2023 (2022: none). No director fees were paid to other individuals in their capacity as directors of the Company or the Operating Company and no emoluments were paid by the Company or the Operating Company to the directors as an inducement to join the Company, or as compensation for loss of office during the year ended 31 December 2023 (2022: Nil).

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by the directors in respect of their services as directors in respect of the Company during the year ended 31 December 2023 (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

9 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2023 (2022: Nil).

(d) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the year ended 31 December 2023 (2022: Nil).

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

There are no loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2023 (2022: none).

(f) Directors' material interests in transactions, arrangements or contracts

No significant arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly to indirectly, subsisted at the end of the financial year (2022: same).

10 FINANCE COSTS

	2023 S\$	2022 S\$
Interest expenses on:		
— Bank borrowings	3,578	32,325
— Lease liabilities	248,192	245,975
	251,770	278,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

11 INCOME TAX

Singapore income tax has been provided for at the rate of 17% (2022: 17%) on the estimated assessable profit for the year ended 31 December 2023.

No provision for Hong Kong Profits Tax is required as the Group has no assessable profits for the years ended 31 December 2023 and 2022.

(a) Income tax

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

	2023 S\$	2022 S\$
Current income tax — Singapore		
Provision for the year	—	—
Tax refunded from carry-back relief	(17,237)	—
Deferred income tax — Singapore (Note 25)	317,850	610,734
Income tax	300,613	610,734

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

	2023 S\$	2022 S\$
Profit before income tax	324,906	1,130,551
Tax calculated at a tax rate of 17%	55,234	192,194
Expenses not deductible for tax purposes	955,781	965,606
Income not subject to tax	(180,715)	(89,700)
Tax effect on temporary difference not recognised	(512,450)	(457,366)
Tax refunded from carry-back relief	(17,237)	—
Income tax	300,613	610,734

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

12 EARNINGS PER SHARE

The basic earnings per share is calculated on the profit attributable to equity holders of the Company by the weighted average number of shares in issue.

	2023	2022
Profit attributable to equity holders of the Company (S\$)	24,683	524,728
Weighted average number of shares in issue	1,000,000,000	1,000,000,000
Basic earnings per share (S\$ cent)	0.00*	0.05

* Representing amount of S\$ 0.002 cents

For the year ended 31 December 2023, diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding (2022: same).

13 DIVIDENDS

No dividends had been paid or declared by the Company for the year ended 31 December 2023 (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

14 PROPERTY, PLANT AND EQUIPMENT

	Building S\$	Plant and machinery S\$	Motor vehicles S\$	Office equipment, furniture and fittings S\$	Total S\$
At 1 January 2022					
Cost	8,418,077	43,823,434	2,734,158	193,976	55,169,645
Accumulated depreciation	(2,911,252)	(30,222,634)	(2,487,649)	(142,913)	(35,764,448)
Net book amount	5,506,825	13,600,800	246,509	51,063	19,405,197
Year ended 31 December 2022					
Opening net book amount	5,506,825	13,600,800	246,509	51,063	19,405,197
Additions	–	1,354,242	–	26,502	1,380,744
Transfer from right-of-use assets	–	–	68,278	–	68,278
Disposals (Note 29(b))	–	(318,649)	(17,636)	–	(336,285)
Depreciation	(420,904)	(3,066,924)	(158,115)	(17,104)	(3,663,047)
Closing net book amount	5,085,921	11,569,469	139,036	60,461	16,854,887
At 31 December 2022					
Cost	8,418,077	42,864,846	2,437,254	220,478	53,940,655
Accumulated depreciation	(3,332,156)	(31,295,377)	(2,298,218)	(160,017)	(37,085,768)
Net book amount	5,085,921	11,569,469	139,036	60,461	16,854,887
At 1 January 2023					
Cost	8,418,077	42,864,846	2,437,254	220,478	53,940,655
Accumulated depreciation	(3,332,156)	(31,295,377)	(2,298,218)	(160,017)	(37,085,768)
Net book amount	5,085,921	11,569,469	139,036	60,461	16,854,887
Year ended 31 December 2023					
Opening net book amount	5,085,921	11,569,469	139,036	60,461	16,854,887
Additions	–	466,660	397,485	8,678	872,823
Transfer from right-of-use assets	–	192,200	–	–	192,200
Disposals (Note 29(b))	–	(47,530)	–	–	(47,530)
Depreciation	(420,904)	(2,770,734)	(117,851)	(18,686)	(3,328,175)
Closing net book amount	4,665,017	9,410,065	418,670	50,453	14,544,205
At 31 December 2023					
Cost	8,418,077	42,842,506	2,076,739	229,156	53,566,478
Accumulated depreciation	(3,753,060)	(33,432,441)	(1,658,069)	(178,703)	(39,022,273)
Net book amount	4,665,017	9,410,065	418,670	50,453	14,544,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expense is presented in the consolidated statement of comprehensive income as follows:

	2023 S\$	2022 S\$
Cost of sales	2,770,735	3,066,924
Administrative expenses	557,440	596,123
	3,328,175	3,663,047

Building with a carrying amount of S\$4,665,017 (2022: S\$5,085,921) was mortgaged to the bank borrowing [Note 23].

Leasing income amounting to S\$215,833 (2022: S\$193,335) relating to lease out the idle plant and machinery, for the year ended 31 December 2023, are included in revenue.

15 INTANGIBLE ASSETS

	2023 S\$	2022 S\$
Cost		
Beginning of financial year	43,765	43,765
Deregistration of a subsidiary	(43,765)	-
End of financial year	-	43,765
Accumulated amortisation		
Beginning of financial year	(20,876)	(11,159)
Amortisation charge	-	(9,717)
Deregistration of a subsidiary	20,876	-
End of financial year	-	(20,876)
Net book value at the end of financial year	-	22,889

The intangible assets mainly included costs of technical service and software service. During the year ended 31 December 2023, the intangible assets has been disposed due to the deregistration of a subsidiary. The average remaining amortisation period of the technical service and software service are 2.8 years and Nil for the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

16 INVESTMENT PROPERTY

	2023 S\$	2022 S\$
Beginning and end of financial year	2,208,000	2,208,000
Accumulated depreciation		
Beginning of financial year	242,880	198,720
Depreciation charge	44,160	44,160
End of financial year	287,040	242,880
Net book amount	1,920,960	1,965,120
Fair values	2,550,000	2,500,000

Investment property relates to a medical facility unit located in Singapore with a lease term of over 50 years. It is intended for rental or capital appreciation.

Depreciation expense of S\$44,160 (2022: S\$44,160) for the year ended 31 December 2023 has been recorded in administrative expenses.

Valuation techniques used to derive Level 3 fair values

Level 3 fair values of the investment property have been derived using the sales comparison approach. Sale prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter ranged from S\$45,000 to S\$58,000 (2022: S\$46,000 to S\$70,000). A increase in the selling price per square meter used would result in increase in fair value.

Valuation process of the Group

The Group has engaged an independent professional valuer to determine the fair value of the investment property at the end of the financial year using the sales comparison approach (2022: same). As at 31 December 2023, the fair value of the investment property was S\$2,550,000 (2022: S\$2,500,000). No impairment loss was recognised in 2023 (2022: Nil).

Income and expenses charged to profit or loss during the year are as follow:

	2023 S\$	2022 S\$
Rental income (Note 7)	28,000	23,032
Direct operating expenses arising from investment property	(16,262)	(13,028)

The Group leased out the unit under operating lease for rental income monthly. The lease typically run for an initial period of one year (2022: one year).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

17 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 S\$	2022 S\$
Unlisted investment — Keyman insurance contract	176,285	178,355

The keyman insurance contract relates to an insurance policy insured for Mr. Alvin Tan, a director of the Company. The keyman insurance contract is denominated in US\$.

The change in fair value of other investment during the year is recorded in “other gains/(losses)-net” in the consolidated statement of profit or loss and other comprehensive income (Note 7).

As at 31 December 2023, the fair value of the keyman insurance contract was estimated by making reference to the cash surrender value set out in the keyman insurance contract (2022: same).

The fair value estimation is set out on Note 3.3 to the consolidated financial statement.

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group’s financial instruments include the following:

	2023 S\$	2022 S\$
Financial assets:		
Financial asset at fair value through profit or loss	176,285	178,355
Financial assets at amortised cost:		
— Trade receivables	4,249,504	2,737,329
— Deposits and other receivables	69,466	228,248
— Cash and cash equivalents	15,110,312	17,057,563
	19,605,567	20,201,495
Financial liabilities:		
Financial liabilities at amortised cost:		
— Trade and other payables (excluding statutory liabilities)	3,158,021	2,988,035
— Borrowings	—	682,574
— Lease liabilities	9,095,134	9,108,510
	12,253,155	12,779,119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

19 TRADE RECEIVABLES

	2023 S\$	2022 S\$
Trade receivables from third parties	3,575,060	2,442,904
Less: allowance for ECLs of trade receivables	(383,117)	(270,234)
	3,191,943	2,172,670
Retentions	1,057,561	564,659
	4,249,504	2,737,329

The Group normally grants credit terms of 30 days. The Group does not hold any collateral as security.

The aging analysis of the trade receivables, based on invoice date, are as follows:

	2023 S\$	2022 S\$
Below 30 days	2,974,165	1,746,244
31–60 days	182,462	320,106
61–90 days	34,160	6,687
91–120 days	1,156	4,538
Over 120 days	–	95,095
	3,191,943	2,172,670

As at 31 December 2023, the carrying amounts of trade receivables approximate their fair values (2022: same).

Movements in the provision for ECLs of the trade receivables are as follows:

	2023 S\$	2022 S\$
At 1 January	270,234	270,234
Provision for ECLs of trade receivables recognised during the year	112,883	–
At 31 December	383,117	270,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

19 TRADE RECEIVABLES (CONTINUED)

The debtors are primarily reputable project owners and salvage material buyers and with long history of business relationship. Management considers the credit risk is not high. The Group maintains frequent communications with the counterparties. Management has closely monitored the credit qualities and the collectability of these receivables and consider that the expected credit risks of them are minimal in view of the history of cooperation with them, taking into account the current and forward-looking information. The details of expected credit loss rate of trade receivables refer to Note 3.1(b).

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2023 S\$	2022 S\$
S\$	4,249,504	2,682,792
US\$	–	54,537
	4,249,504	2,737,329

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 S\$	2022 S\$
Deposits paid to third parties	57,656	123,480
Staff loans	8,391	32,914
Prepayments	4,143	12,351
Other receivables	3,419	71,854
	73,609	240,599

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2023, the carrying amounts of staff loan and other receivables approximate their fair values (2022: same).

The carrying amounts of the Group's staff loan, deposits and other receivables are denominated in the following currencies:

	2023 S\$	2022 S\$
S\$	68,959	227,731
HK\$	507	517
	69,466	228,248

21 CASH AND CASH EQUIVALENTS

	2023 S\$	2022 S\$
Cash at banks	3,105,312	7,009,797
Cash on hand	5,000	5,000
Unpledged fixed deposits at banks	12,000,000	10,042,766
	15,110,312	17,057,563

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2023 S\$	2022 S\$
S\$	14,871,729	16,668,148
USD	133,261	144,037
HK\$	105,322	245,238
CNY	-	140
	15,110,312	17,057,563

Fixed deposits are placed with licensed banks and mature in 1 to 3 months (2022: 1 to 3 months). The interest rate for fixed deposits is from 2.4% to 4.2% per annum (2022: 2.8% to 3.85% per annum).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

22 TRADE AND OTHER PAYABLES

	2023 S\$	2022 S\$
Trade payables	2,231,873	1,572,269
Accrued expenses	855,850	909,153
Other payables	94,548	1,029,443
	3,182,271	3,510,865

The aging analysis of the trade payables, based on invoice date, is as follows:

	2023 S\$	2022 S\$
Up to 30 days	1,361,649	888,182
31–60 days	769,021	538,122
61–90 days	96,307	103,572
91–120 days	4,896	42,393
	2,231,873	1,572,269

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2023 S\$	2022 S\$
S\$	3,031,685	2,896,766
HK\$	71,690	98,711
CNY	78,896	515,388
	3,182,271	3,510,865

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

23 BORROWINGS

	2023 S\$	2022 S\$
Non-current Bank borrowings (secured) (Note)	–	97,510
Current Bank borrowings (secured) (Note)	–	585,064
Total borrowings	–	682,574

Note:

Term loan

The term loan is denominated in S\$, bearing interest at 1.5% per annum. As at 31 December 2022, the bank borrowings of S\$682,574 is secured by a first legal mortgage on the leasehold building and corporate guarantees. It has been fully repaid during the year ended 31 December 2023.

The fair value of non-current bank borrowings approximated the carrying value of the non-current borrowings at 31 December 2022 as the borrowing bears interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements, which management expects to be available to the Group.

	2023 S\$	2022 S\$
Within 1 year	–	585,064
Between 1 and 2 years	–	97,510
	–	682,574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

24 LEASES

(a) Amounts recognised in the consolidated statement of financial position

	2023 S\$	2022 S\$
The net carrying amounts of:		
Right-of-use assets		
Land	5,981,958	6,483,814
Office equipment	8,019	1,162
Plant and machinery	602,354	581,125
Motor vehicles	1,465,385	917,278
	8,057,716	7,983,379
Lease liabilities		
Current	1,070,115	803,136
Non-current	8,025,019	8,305,374
	9,095,134	9,108,510

During the year ended 31 December 2023, the Group disposed right-of-use assets with proceeds of S\$260,000 resulting in gain on disposal of S\$47,133.

During the year ended 31 December 2023, the rights-of-use assets with net carrying amounts of S\$192,200 (2022: S\$68,278) transferred to property, plant and equipment.

The weighted average incremental borrowing rates applied to lease liabilities range from 1.2% to 3.28% (2022: from 1.45% to 3.3%).

(b) Amounts recognised in the consolidated statement of comprehensive income

	2023 S\$	2022 S\$
Depreciation charge of right-of-use assets:		
Land	501,857	501,857
Office equipment	2,962	5,126
Plant and machinery	63,204	68,058
Motor vehicles	284,336	198,494
	852,359	773,535
Interest expense (included in finance costs)	248,192	245,975
Expenses relating to short-term leases	714,275	1,363,405
	962,467	1,609,380

The total cash outflow for leases in 2023 was S\$1,767,063 (2022: S\$2,408,695).

The Group leases land, various office equipment, plant and machinery and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

25 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax relate to the same fiscal authority.

The Group has unused tax losses of S\$966,000 (2022: S\$4,494,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

The movements on the deferred income tax assets and liabilities are as follows:

	Accelerated tax depreciation S\$	Provisions S\$	Decelerated tax depreciation S\$	Tax losses S\$	Total S\$
At 1 January 2022	746,000	(84,000)	(334,000)	(328,000)	–
Charged/(credited) to profit or loss	1,066,505	(2,843)	(16,868)	(436,060)	610,734
At 31 December 2022	1,812,505	(86,843)	(350,868)	(764,060)	610,734
Charged/(credited) to profit or loss	(296,504)	25,674	(11,047)	599,727	317,850
At 31 December 2023	1,516,001	(61,169)	(361,915)	(164,333)	928,584

26 SHARE CAPITAL

The movements of the share capital are as follow:

	Number of shares	Share capital HK\$
Authorised: Ordinary shares at HK\$0.01 each		
As at 31 December 2022 and 2023	10,000,000,000	100,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

26 SHARE CAPITAL (CONTINUED)

	Number of Shares	Share capital S\$
Issued and fully paid:		
As at 1 January 2022, 31 December 2022 and 2023	1,000,000,000	1,742,159

27 RESERVES

	Other reserves attributable to equity holders of the Company			Total
	Share Premium (Note (b)) S\$	Other (Note (a)) S\$	Foreign currency translation S\$	
At 1 January 2022	19,853,646	2,000,000	(189,144)	21,664,502
Currency translation differences arising from consolidation	–	–	25,917	25,917
At 31 December 2022	19,853,646	2,000,000	(163,227)	21,690,419
At 1 January 2023	19,853,646	2,000,000	(163,227)	21,690,419
Currency translation differences arising from consolidation	–	–	19,778	19,778
Realisation of currency translation reserve upon deregistration of a subsidiary	–	–	(20,359)	(20,359)
At 31 December 2023	19,853,646	2,000,000	(163,808)	21,689,838

Notes:

- (a) Other reserves mainly represented the paid-in capital of the subsidiaries acquired.
- (b) The share Premium account may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the Company may from time to time determine including paying distributions or dividends to members, paying up unissued shares of the Company to be issued to members as fully paid bonus shares and etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

28 RELATED PARTIES TRANSACTIONS

For the purposes of the consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following individuals, aside from those related parties mentioned elsewhere, were related parties that had transactions or balances with the Group:

Name	Relationship with the Group
Ms. Tan Ling Ting	Daughter of one of the Executive Director
Ms. Tan Ling Ling	Daughter of one of the Executive Director
Ms. Lee	Spouse of one of the Executive Director
Ms. Germaine Angkasa	Spouse of one of the Executive Director

(a) Key management compensation

Key management includes executive and non-executive directors and the key management of the Group. The compensation paid or payable to key management for employee services is shown below:

	2023 S\$	2022 S\$
Salaries, allowances and bonuses	3,419,639	2,919,348
Pension costs — defined contribution plans	83,716	88,366
	3,503,355	3,007,714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

28 RELATED PARTIES TRANSACTIONS (CONTINUED)

(b) Transaction with other related parties

	2023 S\$	2022 S\$
Salaries, allowances and bonuses	1,124,353	886,000
Pension costs — defined contribution plans	62,849	60,690
	1,187,202	946,690

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2023 S\$	2022 S\$
Cash flows from operating activities		
Profit before income tax	324,906	1,130,551
Adjustments for		
— Depreciation of property, plant and equipment, right-of-use assets and investment property	4,224,694	4,480,742
— Amortisation of intangible assets	—	9,717
— Allowance for ECLs of trade receivables	112,883	—
— Gain on disposals of property, plant and equipment (Note (b))	(362,312)	(428,886)
— Gain on disposals of right-of-use asset (Note (d))	(47,133)	—
— Fair value gain on financial asset at fair value through profit or loss	(5,975)	(4,636)
— Gain on deregistration of subsidiary (Note (f))	(207,156)	—
— Interest income	(412,456)	(64,266)
— Interest expense	251,770	278,300
— Unrealised loss on foreign exchange	30,712	25,511
Operating cash flow before working capital changes	3,909,933	5,427,033
Changes in working capital:		
— Contract related assets and costs	(2,369,256)	(1,921,027)
— Deposits paid to customers	(57,957)	10,389
— Trade receivables	(1,625,058)	3,411,033
— Deposits, prepayments and other receivables	162,313	1,167,966
— Trade and other payables	88,568	(702,449)
Cash generated from operations	108,543	7,392,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Reconciliation of liabilities arising from financing activities:

	1 January 2022 S\$	Principal and interest cash flow S\$	Interest expense S\$	Non-cash changes Acquisition of plant and machinery S\$	31 December 2022 S\$
Year ended 31 December 2022					
Bank borrowings (Note 23)	1,267,638	(617,389)	32,325	–	682,574
Lease liabilities (Note 24)	9,429,325	(1,045,290)	245,975	478,500	9,108,510

	1 January 2023 S\$	Principal and interest cash flow S\$	Interest expense S\$	Non-cash changes Acquisition of plant and machinery S\$	31 December 2023 S\$
Year ended 31 December 2023					
Bank borrowings (Note 23)	682,574	(686,152)	3,578	–	–
Lease liabilities (Note 24)	9,108,510	(1,052,788)	248,192	791,220	9,095,134

(b) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	2023 S\$	2022 S\$
Net book amount of disposed property, plant and equipment (Note 14)	47,530	336,285
Gain on disposals of property, plant and equipment (Note 7)	362,312	428,886
Consideration from sale of property, plant and equipment	409,842	765,171
Total cash proceeds from disposals of property, plant and equipment	409,842	765,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) In the consolidated statement of cash flows, purchases of property, plant and equipment comprise:

	2023 S\$	2022 S\$
Additions of property, plant and equipment (Notes 14)	872,823	1,380,744
Total cash used to purchase property, plant and equipment	872,823	1,380,744

(d) In the consolidated statement of cash flows, proceeds from disposals of right-of-use assets comprise:

	2023 S\$	2022 S\$
Net book amount of disposed right-of-use assets (Notes 24)	212,867	–
Gain on disposals of right-of-use assets (Note 7)	47,133	–
Consideration from sale of right-of-use assets	260,000	–
Total cash proceeds from disposals of right-of-use assets	260,000	–

(e) In the consolidated statement of cash flows, purchases of right-of-use assets comprise:

	2023 S\$	2022 S\$
Additions of right-of-use assets	1,331,763	734,576
Less: Additions under leases	(791,220)	(330,000)
Total cash used to purchase right-of-use assets	540,543	404,576

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(f) Deregistration of a subsidiary

On 30 March 2023, 廣州悠樂未來科技有限公司, which is an inactive subsidiary of the Group, was deregistered.

Net liabilities were as follows:

	S\$
Intangible assets	22,889
Cash and cash equivalents	134
Prepayments and tax receivables	4,677
Other payables	(417,162)
	(389,462)
Non-controlling interests	202,665
Realisation of currency translation reserve	(20,359)
Gain on deregistration of a subsidiary	(207,156)
	S\$
Net cash outflow of cash and cash equivalents	(134)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

	Notes	2023 S\$	2022 S\$
Assets			
Non-current asset			
Investments in subsidiaries		30,209,459	30,209,459
Current assets			
Prepayments		506	517
Cash and cash equivalents		102,989	239,220
Amounts due from subsidiaries		9,895,415	11,720,739
		9,998,910	11,960,476
Total assets		40,208,369	42,169,935
Equity attributable to equity holders of the Company			
Share capital	26	1,742,159	1,742,159
Other reserves	30	46,643,741	46,643,741
Accumulated losses	30	(10,748,065)	(8,870,050)
Total equity		37,637,835	39,515,850
Liabilities			
Current liabilities			
Amounts due to subsidiaries		2,501,379	2,557,959
Other payables		69,155	96,126
Total liabilities		2,570,534	2,654,085
Total equity and liabilities		40,208,369	42,169,935

Approved by the Board of Directors on 28 March 2024 and signed on its behalf of:

Tan Chee Beng
Director

Tang Ling Ling
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (CONTINUED)

	Share premium S\$	Other Reserves (Note) S\$	Accumulated losses S\$	Total S\$
At 1 January 2022	16,448,439	30,195,302	(7,948,981)	38,694,760
Loss and total comprehensive expense for the year	–	–	(921,069)	(921,069)
At 31 December 2022	16,448,439	30,195,302	(8,870,050)	37,773,691
At 1 January 2023	16,448,439	30,195,302	(8,870,050)	37,773,691
Loss and total comprehensive expense for the year	–	–	(1,878,015)	(1,878,015)
At 31 December 2023	16,448,439	30,195,302	(10,748,065)	35,895,676

Note: Other reserves mainly represented the contribution of investment in subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

31 SUBSIDIARIES

The Company has direct or indirect interests in the following subsidiaries:

Name of companies	Principal activities	Country of operation/ incorporation	Date of incorporation	Issued and paid registered capital	2023 %	2022 %	Note
Directly held							
Five Elements Investment Holdings Limited	Investment holding	British Virgin Islands	10 April 2018	US\$100	100	100	
Beyond Elite Investments Limited	Investment holding	British Virgin Islands	5 July 2019	US\$10,000	100	100	
Indirectly held							
T&B Holding Limited	Investment holding	Hong Kong	2 January 2018	HK\$15,001,000	100	100	
Beng Soon Machinery Services (Singapore) Pte Ltd	Provision of demolition services, sale of inventories and leasing of machinery	Singapore	8 January 1993	S\$2,000,000	100	100	
Sky Express Asia Limited	Trading of minerals and ore	Hong Kong	1 November 2019	HK\$1	100	100	
YOLO Holdings Limited	Investment holding	Hong Kong	1 September 2020	HK\$100,000	51	51	(c)
廣州悠樂未來科技有限公司	Provision of sales of goods through online marketing platform	People's Republic of China	28 September 2020	CNY1,000,000	-	51	(b)

Notes:

- (a) All companies comprising the Group have adopted 31 December as their financial year end date.
- (b) The entity was liquidated during the year ended 31 December 2023.
- (c) During the year ended 31 December 2023, the entity was in the progress of deregistration.

32 PERFORMANCE AND SECURITY BONDS

The Group had performance bonds for guarantees for completion of projects issued by banks and insurance companies amounting to S\$1,839,450 (2022: S\$1,971,127) as at 31 December 2023.

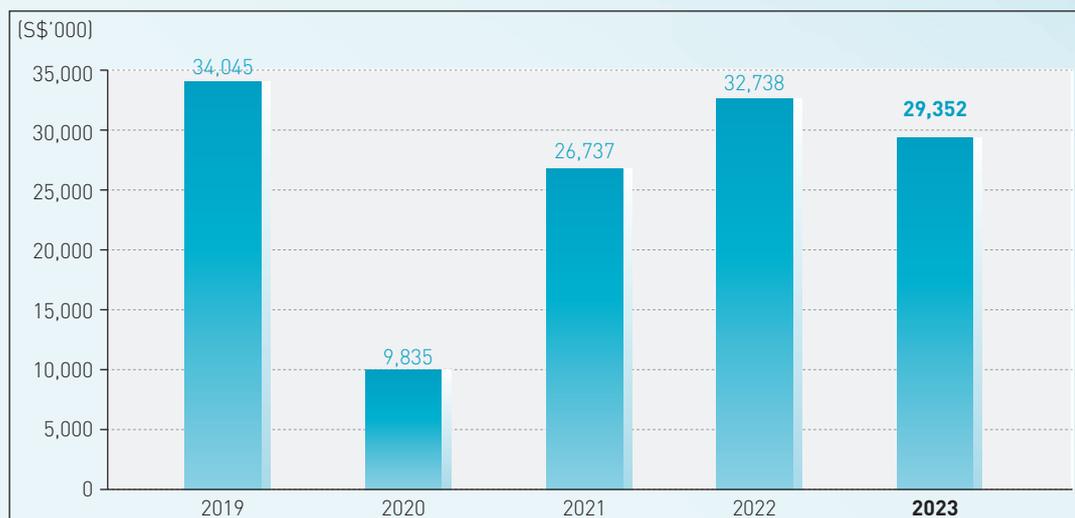
The Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to S\$290,000 (2022: S\$330,000) as at 31 December 2023.

33 EVENT AFTER THE REPORTING PERIOD

On 1 March 2024, YOLO Holdings Limited, which is an inactive subsidiary in the Group, was deregistered.

FINANCIAL SUMMARY

REVENUE



The table below sets out the breakdown of the Group's total revenue by source for the periods indicated:

	2023		2022		2021		2020		2019	
	Revenue S\$'000	% of Total Revenue %								
Contract Revenue	29,106	99.16	32,439	99.09	26,075	97.52	9,596	97.5	33,069	97.1
– Net Contract Sum	6,843	23.31	4,008	12.24	8,308	31.07	(941)	-9.57	15,972	46.9
– Proceeds from disposal of salvage materials	21,846	74.43	28,010	85.56	17,079	63.88	9,595	97.6	15,697	46.1
– Earth depositing proceeds	417	1.42	421	1.28	688	2.57	942	9.58	1,400	4.1
Others ^(Note)	246	0.84	299	0.91	662	2.48	239	2.44	976	2.9
Total	29,352	100	32,738	100	26,737	100	9,835	100	34,045	100

Note: Other revenue are principally income derived from leasing and sale of machinery to third parties.

FINANCIAL SUMMARY (CONTINUED)

A summary of the results, and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements or the Prospectus is set out below:

	2023 S\$'000	2022 S\$'000	2021 S\$'000	2020 S\$'000	2019 S\$'000
Revenue	29,352	32,738	26,737	9,835	34,045
Cost of sales	(20,112)	(23,243)	(19,668)	(16,320)	(21,386)
Gross profit/(loss)	9,240	9,495	7,069	(6,485)	12,659
Other income	476	316	564	1,688	143
Other gains — net	606	440	255	200	109
Administrative expenses	(9,384)	(8,649)	(7,363)	(8,841)	(7,958)
Selling and distribution expenses	(249)	(193)	(209)	(307)	(243)
Finance costs	(252)	(278)	(284)	(328)	(513)
Allowance for ECLs of trade receivables	(113)	—	—	5	(155)
Listing expenses	—	—	—	—	(1,400)
Profit/(loss) and total comprehensive income for the year	324	1,131	32	(12,037)	3,234
Income tax credit/(expense)	(301)	(611)	—	2,043	(808)
Equity attributable to owners of the Company	23	520	32	39,297	51,503
Total assets	53,301	53,781	54,372	53,117	71,322
Total liabilities	13,206	13,913	15,059	13,856	19,819
Total equity	40,095	39,868	39,313	39,261	51,503