

Wei Yuan Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1343

2023
ANNUAL REPORT



CONTENTS

2	Corporate Information
4	Chairman's Statement
5	Summary of Financial Information
6	Management Discussion and Analysis
12	Biographical Details of Directors and Senior Management
16	Directors' Report
30	Corporate Governance Report
39	Environmental, Social and Governance Report
65	Independent Auditor's Report on Consolidated Financial Statements
72	Consolidated Statement of Comprehensive Income
73	Consolidated Statement of Financial Position
75	Consolidated Statement of Changes in Equity
76	Consolidated Statement of Cash Flows
77	Notes to the Consolidated Financial Statements



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Tian Soo (*Chairman*)
Mr. Ng Tian Fah (*Chief Executive Officer*)
Mr. Huang Lei (appointed with effect from 25 July 2023)

Independent Non-Executive Directors

Mr. Gary Ng Sin Tong
(alias Mr. Gary Huang Chendong)
Ms. Lee Wing Yin Jessica
Mr. George Christopher Holland

AUDIT COMMITTEE

Ms. Lee Wing Yin Jessica (*Chairman*)
Mr. Gary Ng Sin Tong
(alias Mr. Gary Huang Chendong)
Mr. George Christopher Holland

REMUNERATION COMMITTEE

Mr. Gary Ng Sin Tong (*Chairman*)
(alias Mr. Gary Huang Chendong)
Mr. Ng Tian Fah
Ms. Lee Wing Yin Jessica

NOMINATION COMMITTEE

Mr. Ng Tian Soo (*Chairman*)
Mr. Gary Ng Sin Tong
(alias Mr. Gary Huang Chendong)
Mr. George Christopher Holland

COMPANY SECRETARY

Ms. Fung Mei Ling

AUTHORISED REPRESENTATIVES

Mr. Ng Tian Soo
Ms. Fung Mei Ling

AUDITOR

Moore CPA Limited
(Formerly known as "Moore Stephens CPA Limited")
Registered Public Interest Entity Auditor
801–806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

COMPLIANCE ADVISER

Grande Capital Limited
Room 2701, 27/F
Tower One, Admiralty Center
18 Harcourt Road
Admiralty, Hong Kong

PRINCIPAL BANKERS

Maybank Singapore Limited
2 Battery Road
Maybank Tower
Singapore 049907

Standard Chartered Bank (Singapore) Limited
8 Marina Boulevard
Marina Bay Financial Centre Tower 1
Level 29
Singapore 018981

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE INFORMATION

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

37 Kranji Link
Singapore 728643

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F
United Centre
95 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

CORPORATE WEBSITE

<http://www.weiyuanholdings.com>

INVESTOR RELATIONS CONTACT

E-mail: info@weiyuanholdings.com

STOCK CODE

1343

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

During the Year, the economic landscape presented difficulties marked by geopolitical uncertainties and elevated inflation rates, posing risks to both local and worldwide economic expansion. Additionally, there was a notable increase in interest rates. Despite these challenges and the supply chain disruptions brought by the post-Covid recovery environment, we continued to diligently observe the development of our contracts and consider the possible rise in costs when bidding for new contracts.

Our order book remains healthy, which should support our Group through FY2025 and we will closely monitor the delivery of these contracts, while selectively tendering for new public and private contracts. Looking ahead, our strategy would remain to prioritise cash conservation, cost control and increase of market share. Leveraging on our accumulated 33 years of deep experience in civil engineering utilities infrastructure, we are looking forward to exploring potential business opportunities locally and the trading of building materials in China.

On behalf of the Board, I would like to express my sincere appreciation to all our employees who have demonstrated perseverance and commitment amidst such challenging environment. I would like to also extend our sincerest gratitude to shareholders, customers and business partners for your continued support.

Wei Yuan Holdings Limited
Ng Tian Soo
Chairman and Executive Director

27 March 2024

SUMMARY OF FINANCIAL INFORMATION

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2023 S\$'000	2022 S\$'000	2021 S\$'000	2020 S\$'000	2019 S\$'000
Revenue	101,575	102,725	93,203	57,117	65,985
Cost of sales	(87,097)	(90,527)	(80,029)	(52,731)	(46,251)
Gross profit	14,478	12,198	13,174	4,386	19,734
Profit/(loss) before income tax	2,521	3,732	2,794	(3,698)	8,819
Profit/(loss) for the year attributable to equity holders of the Company	768	2,173	1,547	(3,824)	6,769

ASSETS AND LIABILITIES

	As at 31 December				
	2023 S\$'000	2022 S\$'000	2021 S\$'000	2020 S\$'000	2019 S\$'000
Total assets	109,317	112,442	117,435	101,289	81,721
Total liabilities	53,020	57,350	64,525	50,577	44,825
Total equity	56,297	55,092	52,910	50,712	36,896

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to the Ministry of Trade and Industry Singapore (“**MTI**”) announcement on 15 February 2024, the construction sector grew by 5.2% in 2023, as compared with the growth of 4.6% in 2022. The growth was supported by expansions in both public and private sector construction works.

The civil engineering utilities market in Singapore which rebounded from the disruptions by the COVID-19 pandemic, has shown positive growth in 2023. However, new challenges such as geopolitical tensions, sustained high-interest rates, and increased borrowing costs have raised concerns among contractors. These factors, coupled with the impact of high oil prices on transportation and operational costs, threaten to affect profit margins.

BUSINESS REVIEW AND PROSPECT

The core business and revenue structure of the Group have remained unchanged for the year ended 31 December 2023. The Group’s operations, other than those of certain joint ventures and the newly incorporated subsidiaries in the People’s Republic of China (the “**PRC**”), are located in Singapore and its revenue and profit from operations are solely derived from contract works rendered within Singapore. The Group is actively involved as a main contractor or subcontractor in both private and public sector projects and the revenue was principally derived from (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary support and other services; and (iv) sales of goods and milled waste. Additionally, the Group contracted business opportunities in trading of building materials in the PRC in 2024.

While the civil engineering industry is expected to grow to pre-pandemic level, the Group expects operating conditions to remain challenging in 2024. For the year ended 31 December 2023, the Group recorded a total revenue of approximately S\$101.6 million, representing a decrease of approximately S\$1.1 million from approximately S\$102.7 million for the year ended 31 December 2022. The decrease in revenue was mainly due to lower revenue generated from contract works for the year ended 31 December 2023 compared to the year ended 31 December 2022. The civil engineering industry is further constrained by (i) the change to the dependency ceiling ratio of foreign workers to total workforce that a company in a given sector can employ commenced from January 2024, which could impact productivity; and (ii) the rising materials, oil and diesel prices which are major contributors to the overall increase in construction costs for the ongoing projects. In addition, the current interest rate environment is expected to raise. The Group’s cost of borrowing and consequently affect its overall margins. These unfavourable factors have affected the operations of the Group in Singapore.

Business strategies of the Group remain unchanged for 2024. Looking ahead, the Group will (i) closely monitor the pace of market recovery from the COVID-19 and assess its impact on its operations continuously; (ii) continue to leverage its solid track record and proven expertise to tender for public and private sector projects; (iii) prioritise cash conservation; (iv) adopt tighter cost control measures; (v) actively participate in tendering for new projects to strengthen the Group’s market position; and (vi) exercise caution when exploring business opportunities.

ONGOING PROJECTS

As at 31 December 2023, the Group had 29 ongoing projects, including 24 ongoing power cable installation projects and five telecommunication cable installation projects with an aggregated contract sum of approximately S\$176.2 million, of which approximately S\$82.1 million has been recognised as revenue up to 31 December 2023 (31 December 2022: 40 ongoing projects, including 36 ongoing power cable installation projects and four telecommunication cable installation projects with an aggregated contract sum of approximately S\$267.0 million, of which approximately S\$164.2 million has been recognised as revenue). The remaining balance will be recognised as the Group’s revenue in subsequent periods in accordance with the respective stage of completion.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Below is the financial review for the year ended 31 December 2023 ("FY2023") compared to the year ended 31 December 2022 ("FY2022").

Revenue

The following table sets out the breakdown of the Group's revenue by goods and services types for FY2023 and FY2022.

	FY2023 S\$'000	FY2022 S\$'000
Revenue from contract works		
— Power	80,602	85,548
— Telecommunication	5,632	5,765
Subtotal	86,234	91,313
Road milling and resurfacing services	10,361	7,410
Ancillary support and other services	3,454	2,393
Sales of goods and milled waste	1,526	1,609
Total	101,575	102,725

The Group's overall revenue decreased by approximately S\$1.1 million from approximately S\$102.7 million in FY2022 to approximately S\$101.6 million in FY2023, representing a decrease of approximately 1.1%. This decrease was mainly attributable to:

- (i) decrease in revenue from contract works by approximately S\$5.1 million was due to the combined effects of (a) decrease in revenue from power cable installation projects by approximately S\$4.9 million which mainly due to lesser progress of the projects with revenue recognised for FY2023 compared to FY2022; and (b) decrease in revenue from telecommunication cable installation projects by approximately S\$0.2 million due to lesser progress of four projects with revenue recognised for FY2023 compared to FY2022;
- (ii) increase in revenue from road milling and resurfacing services by approximately S\$3.0 million;
- (iii) increase in revenue from ancillary support and other services by approximately S\$1.1 million due to increased revenue from leasing of vehicles; and
- (iv) slight decrease in revenue from sales of goods and milled waste by approximately S\$0.1 million.

Cost of sales

The Group's cost of sales decreased by approximately S\$3.4 million from approximately S\$90.5 million in FY2022 to approximately S\$87.1 million in FY2023, representing a decrease of approximately 3.8%. The decrease was in line with the decrease in revenue as discussed above.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group's gross profit increased by approximately S\$2.3 million from approximately S\$12.2 million in FY2022 to approximately S\$14.5 million in FY2023, while the Group's gross profit margin increased from approximately 11.9% in FY2022 to approximately 14.3% in FY2023. The increase in gross profit and gross profit margin was mainly due to the more-than-proportionate decrease in cost of sales of the Group.

Other income and other gains, net

Other income and other gains, net decreased by approximately S\$1.2 million from approximately S\$2.0 million in FY2022 to approximately S\$0.8 million in FY2023 was mainly due to (i) the cessation of Foreign Worker Levy Rebate from Singapore Government for supporting the development of construction industry after June 2022; and (ii) the decrease in fair value gain on investment properties of approximately S\$0.3 million in FY2023.

Administrative expenses

The Group's administrative expenses decreased slightly by approximately S\$0.2 million from approximately S\$9.8 million in FY2022 to approximately S\$9.6 million in FY2023. Such decrease was mainly attributable to the combined effects of (i) decrease in professional fees of approximately S\$0.3 million; and (ii) increase in employee benefits expenses of approximately S\$0.6 million.

Reversal of impairment of trade receivables, deposits and contract assets, net

Reversal of impairment of trade receivables, deposits and contract assets, net decreased by approximately S\$0.5 million from approximately S\$0.7 million for FY2022 to approximately S\$0.2 million for FY2023. Such change was mainly attributable to (i) reversal of allowance for expected credit loss of contract assets by approximately S\$0.2 million for FY2023; (ii) decrease in allowance for impairment of trade receivables by approximately S\$32,000 in relation to decrease in trade receivables that were aged over 150 days for FY2023; and (iii) impairment made for deposit paid of approximately S\$45,000 for FY2023.

Finance income

Finance income increased by approximately S\$58,000 from approximately S\$24,000 for FY2022 to approximately S\$82,000 for FY2023 which mainly represented interest income from bank deposits and pledged bank deposits.

Finance costs

Finance costs represented interest expenses relating to bank and other borrowings, lease liabilities and unwinding of discount of reinstatement costs and were increased by approximately S\$0.3 million from approximately S\$1.3 million in FY2022 to approximately S\$1.6 million in FY2023. The increase was mainly due to higher average interest rates in FY2023.

Impairment of investment in a joint venture

As at 31 December 2023, the Group's equity share of the recoverable amount of SWG Alliance Pte. Ltd. ("**SWG**") and its subsidiaries, based on 15% discounted cashflow, was approximately S\$1.8 million. Compared with the carrying value of SWG and its subsidiaries as at the same date of approximately S\$2.9 million, impairment of investment of approximately S\$1.1 million was provided.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

Income tax expense increased by approximately S\$0.1 million in FY2023 as compared to FY2022. Such increase was mainly attributable to (i) increase in current income tax expense of approximately S\$0.1 million; and (ii) increase of deferred taxation of approximately S\$0.1 million.

Profit for the year

As a result of the foregoing, the Group recorded a net profit of approximately S\$1.3 million in FY2023 as compared to the net profit of approximately S\$2.7 million in FY2022, representing a decrease of approximately S\$1.4 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for FY2023 (FY2022: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 March 2020 by the way of share offer and there has been no change in capital structure of the Group since then.

The Group’s liquidity requirements are primarily attributable to the working capital for its business operations. The Group’s principal sources of liquidity comprises of cash generated from business operations, cash and cash equivalents, equity contribution from the shareholders and borrowings. As at 31 December 2023, the Company’s issued share capital was HK\$10,640,000 and the number of issued shares of the Company was 1,064,000,000 ordinary shares of HK\$0.01 each.

As at 31 December 2023, the Group maintained a healthy liquidity position with net current asset balance and cash at bank and on hand of approximately S\$33.2 million (31 December 2022: S\$29.0 million) and approximately S\$19.0 million (31 December 2022: S\$16.9 million) respectively. The Group has continued to implement a prudent cash and financial management policy. The Group’s cash at banks and on hand were denominated in Singapore dollars and Hong Kong dollars, are generally deposited with certain reputable financial institutions.

The Group aims to maintain flexibility in funding by utilising committed credit lines available and interest bearing borrowing, and regularly monitors the current and expected liquidity requirements to ensure that the Group maintains sufficient financial resources to meet its liquidity requirements at all times.

Borrowings

As at 31 December 2023, the Group had total borrowings (including bank and other borrowings and lease liabilities) of approximately S\$32.2 million (31 December 2022: S\$35.6 million) which were denominated in Singapore dollars. As at 31 December 2023, the Group’s bank borrowings of approximately S\$8.1 million bear interest at fixed interest rates, while bank borrowing of approximately S\$20.8 million bear interest at floating interest rates. The Group’s borrowings have not been hedged by any interest rate financial instruments. Details of the maturity profile and interest rate of the borrowings are set out in Note 27 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

Gearing ratio is calculated as total borrowings (including bank and other borrowings and lease liabilities) divided by the total equity at the end of the respective period.

As at 31 December 2023, the gearing ratio of the Group was approximately 57.2% (31 December 2022: 64.7%). The decrease in gearing ratio as at 31 December 2023 was mainly due to the decrease in bank and other borrowings by approximately S\$3.1 million as at 31 December 2023 as compared to 31 December 2022.

Net debt to total capital ratio

Net debt to total capital ratio is calculated as net debts (i.e. lease liabilities, bank and other borrowings and net of cash at banks and on hand and pledged bank deposits) divided by total capital (i.e. net debts and total equity) at the end of the respective period.

As at 31 December 2023, net debt to total capital ratio of the Group was approximately 14.8% (31 December 2022: 23.9%). The decrease in net debt to total capital ratio as at 31 December 2023 was mainly due to (i) the increase in cash at banks and on hand and pledged bank deposits by approximately S\$4.1 million as at 31 December 2023; and (ii) decrease in bank and other borrowings by approximately S\$3.1 million as at 31 December 2023 as compared to 31 December 2022.

Pledge of assets

As at 31 December 2023, the Group's investment properties with fair value of approximately S\$2.3 million (31 December 2022: S\$2.3 million), self-occupied properties of approximately S\$12.1 million (31 December 2022: S\$14.1 million), carrying amount of motor vehicles and plant and machinery held under hire purchase commitments of approximately S\$3.7 million and S\$2.1 million (2022: S\$2.9 million and S\$2.4 million), respectively and bank deposits of approximately S\$3.5 million (31 December 2022: S\$1.5 million) were pledged for bank and other borrowings.

CAPITAL EXPENDITURES AND COMMITMENTS

For FY2023, the Group incurred capital expenditures of approximately S\$4.3 million (FY2022: S\$4.7 million), primarily due to purchases of plant and equipment and motor vehicles.

As at 31 December 2023, the Group had capital expenditure contracted for as at end of the reporting period but not recognised in the consolidated financial statements in respect of purchases of property, plant and equipment of approximately S\$0.3 million (31 December 2022: S\$0.2 million).

CONTINGENCIES

As at 31 December 2023, the Group had performance bonds of guarantees of completion of projects issued by insurance companies and bank amounted to approximately S\$10.4 million (31 December 2022: S\$12.9 million).

As at 31 December 2023, the Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounted to approximately S\$1.8 million (31 December 2022: S\$1.5 million).

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any future plans for material investments and capital assets as at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES COMPANIES OR JOINT VENTURES

For FY2023, the Group did not have any significant investment held, material acquisitions or disposals of subsidiaries and associated companies or joint ventures.

Financial instruments

The Group's major financial instruments include trade receivables, deposits and other receivables excluding prepayments, cash at banks and on hand, pledged bank deposits, bank and other borrowings, lease liabilities, trade and retention payables and other payables excluding non-financial liabilities. The Group's management manages such exposure to ensure appropriate measures are implemented on a timely and effective manner.

FOREIGN EXCHANGE EXPOSURE

The headquarters and principal place of business of the Group is in Singapore with its revenue and cost of sales mainly denominated in Singapore dollars, which is the functional currency of all the Group's operating companies.

However, as the shares of the Company have been listed on the Stock Exchange on 12 March 2020, the Group retained Hong Kong dollars amounted to approximately HK\$75,000 as at 31 December 2023 that was exposed to foreign currency risk. The Group does not expect the foreign exchange risk could materially affect the Group's results of operations, and therefore no hedging instrument has been employed. The Group will continue to monitor its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had a total of 634 full-time employees (31 December 2022: 618) who were directly employed by the Group. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes in FY2023 amounted to approximately S\$27.6 million (FY2022: S\$25.8 million).

The Group offers remuneration package to its employees which includes salary, bonuses and allowance. Generally, the salary and benefit levels of the employees of the Group are based on each of their qualifications, position and seniority. The Group has an annual review system to appraise the performance of its employees, which constitutes the grounds for the decision to the salary raises, bonuses and promotions. The emoluments of the Directors have been reviewed by the Remuneration Committee of the Company, having regard to the performance of Directors and market standards, and approved by the Board. The Company has adopted a share option scheme as an incentive to Directors and eligible employees of the Group.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Group which have occurred after the year ended 31 December 2023 and up to the date of this report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ng Tian Soo (“Mr. Ng TS”), aged 65, was appointed as a managing director of Wee Guan Construction Pte Ltd (“WGC”) on 18 April 1991 and was re-designated as an executive Director of the Group on 29 July 2019. He also serves as the chairman of the Board and is the chairman of the nomination committee of the Company. He is primarily responsible for developing construction business strategies, leading and providing direction for construction project administration and management to ensure the organisation’s objectives are met. Mr. Ng TS also serves as a director in Wee Guan Corporation Pte. Ltd. (“WG Corp”), WGC, Hydrojack Engineering Pte. Ltd. (“HDJ”) and Road Builders Singapore Pte. Ltd. (“RBS”), which all belong to the subsidiaries of the Company. He is also a director of WG INTERNATIONAL (BVI) LIMITED (“WGI (BVI)”), a controlling shareholder of the Company. Mr. Ng TS has over 32 years of experience in the construction industry in Singapore. Mr. Ng TS has attained professional diploma in human resources at Human Capital (Singapore) Pte. Ltd. in December 2017. He is the brother of Mr. Ng Tian Fah, Mr. Ng Tian Kew (“Mr. Ng TK”) and Ms. Ng Mei Lian (“Ms. Ng ML”), and father of Mr. Ng Choon Tat (“Mr. Ng CT”) and Mr. Ng Choon Wee (“Mr. Ng CW”).

Mr. Ng Tian Fah (“Mr. Ng TF”), aged 54, was appointed as a director of WGC on 1 March 2010 and was re-designated as an executive Director of the Group on 29 July 2019. He also serves as the chief executive officer of the Group and is the member of the remuneration committee of the Company. He is primarily responsible for the planning and directing the Group’s construction function, overseeing all major construction programmes to ensure all projects are consistent with the Group’s goals as well as the timeliness of the progress and completion, that are within budget and has adhered to pre-established specifications. Mr. Ng TF is also a director of WG Corp, WGC and HDJ, which all belong to the subsidiaries of the Company. He is also a director of WGI (BVI), a controlling shareholder of the Company. Mr. Ng TF has over 29 years of experience in the construction industry in Singapore. Mr. Ng TF has attained professional diploma in human resources at Human Capital (Singapore) Pte. Ltd. in July 2018. He is the brother of Mr. Ng TS, Mr. Ng TK and Ms. Ng ML, and the uncle of Mr. Ng CT and Mr. Ng CW.

Mr. Huang Lei, aged 53, was appointed as an executive Director on 25 July 2023. He is responsible for the business strategic and corporate development of the Group in the PRC. He has over 12 years of working experience in management, particularly in wealth investment management. From January 2005 to December 2012, he worked at the sales department of China Continent Property & Casualty Insurance Co., Ltd (中國大地財產保險股份有限公司上海分公司). From 2013 to 2017, he was a general manager of Shanghai Yuanjie Industrial Co., Ltd.* (上海遠捷實業有限公司). Mr. Huang has also worked at various investment companies, including joining Shanghai Yuanshuo Investment Management Co., Ltd.* (上海元朔投資管理有限公司) in 2017 where he served as the general manager until 2020 and is currently serving as the supervisor, joining Shanghai Yunwang Equity Investment Fund Management Co., Ltd.* (上海運旺股權投資基金管理有限公司) in 2017 where he is currently serving as the legal representative, executive director and general manager, and joining Huixin Shengan Commercial Factoring (Shanghai) Co. Ltd.* (惠信盛安商業保理(上海)有限公司) in 2020 where he is currently serving as the legal representative, executive director and general manager. Mr. Huang also has over 6 years of managerial experience in the fields of construction trading, real estate construction and property development occupying senior managerial roles. In particular, since 2018, Mr. Huang has been a general manager of a company principally engaged in trading of building materials and real estate construction. He graduated from PLA Nanjing Institute of Politics* (中國人民解放軍南京政治學院) in July 2002 with a diploma.

* For identification purpose only

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), aged 50, was appointed as the independent non-executive Director on 18 February 2020. He also serves as the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. He is primarily responsible for providing independent advice to the Board.

Mr. Ng was appointed as executive director and chief investment officer of Abakus Investment Management Pte Ltd ("**AIM**") in March 2022 and was subsequently appointed as chief executive officer of AIM in January 2023. From March 2020 to March 2022, he was the chief operating officer of Bright Point Capital Pte Ltd.. He was a director of research of SooChow CSSD Capital Markets (Asia) Pte. Ltd. from January 2020 to March 2020. He joined TriReme Medical (Singapore) Pte Ltd in February 2015 and was an executive director of QT Vascular Ltd., a company listed on the Singapore Exchange Limited from August 2015 to May 2019 where he was responsible for capital market activities. Mr. Ng has approximately 14 years of experience in investment banking. He joined CGS-CIMB Research Pte. Ltd. as an associate vice president of the institutional research department between July 2005 and August 2007. He worked as a credit research analyst of the global markets centre in Deutsche Bank AG, Singapore Branch between September 2007 and June 2008. He was a vice president of the research department in CGS-CIMB Research Pte. Ltd. between June 2008 and February 2015.

Mr. Ng completed a diploma in economics at University of London in August 1998. He received a bachelor's degree in banking and finance at University of London in August 2000.

Ms. Lee Wing Yin Jessica, aged 54, was appointed as the independent non-executive Director on 18 February 2020. She also serves as the chairman of audit committee and a member of the remuneration committee of the Company. She is primarily responsible for providing independent advice to the Board.

She is a director of DLK Advisory Limited since May 2016, in which she provides financial consulting and planning services to clients, manages the finance, human resources and administration teams and involves in the business development of the company. Ms. Lee has over 24 years of experience in accounting field, which she has gained from her previous positions in various companies tracing back to November 1994. She joined Kerry Properties (H.K.) Limited (HK stock code: 683), a property developer in Hong Kong as an accounts clerk in November 1994 and held her last position as a senior accounts clerk in July 1999. She was with MiTek Australia Limited, a manufacturer of construction materials in Australia, as an accountant between May 2000 and February 2002. Ms. Lee was a financial controller of FinMaster Financial Planning Limited from June 2002 to October 2003. She worked as a senior accountant of Diarough (Hong Kong) Limited between November 2003 and October 2004. She then joined Pico International (HK) Limited (HK stock code: 752) as an accountant in November 2004 and held her last position as a financial controller in April 2016.

Ms. Lee received a bachelor's degree in economics and a master's degree in business administration through part-time study from Monash University in October 1994 and November 2001, respectively. She was admitted as a certified practising accountant of the Australia Society of Certified Practising Accountants in October 1998 and an associate of the Hong Kong Institute of Certified Public Accountants in March 1999.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. George Christopher Holland, aged 50, was appointed as the independent non-executive Director on 18 February 2020. He also serves as the member of the audit committee and nomination committee of the Company. He is primarily responsible for providing independent advice to the Board.

Mr. Holland was appointed as director of Mure Pte. Ltd. in August 2023. He is a co-founder of HM (formerly known as Holland & Marie) since January 2018, in which he is responsible for management and operation of the firm. Mr. Holland has approximately 24 years of experience in legal and compliance matters. He worked at Clifford Chance between September 1999 and October 2010. He worked at Religare Capital Markets Pte Ltd. between November 2010 and September 2018, during which period he served in various roles, including general counsel.

Mr. Holland received a bachelor's degree in philosophy from University of Virginia in May 1996. He also received a juris doctor degree from Duke University School of Law in May 1999.

Senior management

Mr. Ng Choon Wee ("Mr. Ng CW"), aged 38, joined the Group in July 2015 as a finance manager and was promoted as Group finance manager and deputy general manager in April 2020 and January 2021 respectively. He is responsible for overseeing the operations of contract, human resource, logistics and project support management. Mr. Ng CW is a director of Wee Guan Engineering Pte Ltd, which belongs to a subsidiary of the Company. Mr. Ng CW has over 13 years of experience in the finance and accounting field. Prior to his engagement with the Group, he has worked in finexis advisory Pte Ltd acting as a financial consultant, from May 2010 to April 2012. From October 2012 to April 2013, he was employed by United Overseas Bank Limited as a personal banking associate. In June 2013, he then joined Oversea-Chinese Banking Corporation Limited being a personal financial consultant, until September 2013. Mr. Ng CW engaged with Le Yu Corporate Advisory Pte. Ltd as an executive during September 2013 to October 2014. Mr. Ng CW first obtained a diploma in business information technology in Ngee Ann Polytechnic in June 2006. He obtained a bachelor of commerce in the University of Queensland in December 2009. Mr. Ng CW was later admitted to a degree of master in applied finance with the University of Adelaide through distance learning programme in March 2012. Mr. Ng CW is the son of Mr. Ng TS, nephew of Mr. Ng TF, Mr. Ng TK and Ms. Ng ML, and brother of Mr. Ng CT.

Mr. Tan Xin Hua, aged 32, joined the Group in May 2018 as corporate accountant and was promoted as assistant finance manager, finance manager, Group finance manager and financial controller in February 2019, April 2020, January 2021 and July 2022 respectively. He is responsible for managing accounting operations and reporting, taxation, financial planning and internal control systems. Mr. Tan has over 12 years of experience in finance and accounting field. Prior to his engagement with the Group, Mr. Tan had worked in McMillan Woods as an audit assurance senior from July 2012 to November 2013. From December 2013 to May 2015, he was employed by Cypress Singapore PAC as audit senior. In June 2015, he then joined Chee Yam Contractor Pte Ltd as assistant manager, until August 2017. From November 2017 to April 2018, he was employed by Lian Beng Construction (1988) Pte Ltd as senior accountant.

Mr. Tan obtained his Diploma in Business Studies Accounting and Advanced Diploma in Commerce (Financial Accounting) in May 2010 and July 2012 respectively in Tunku Abdul Rahman College. He became an associate member and fellow member of The Association of Chartered Certified Accountants in March 2016 and March 2021 respectively. Mr. Tan has been admitted as certified public accountant in December 2017 by The Institute of Certified Public Accountants of Singapore.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Teoh Chin Ching, aged 45, joined the Group in August 1998 and is now a senior project manager who is responsible for overseeing the operations of projects. Mr. Teoh has over 25 years of experience in the construction industry in Singapore. He was a site supervisor of the Group between August 1998 and October 1999 and was mainly responsible for site supervision of trenching workers. He was then promoted as a project coordinator in November 1999, in which he had to carry out coordination work for mill and patch operations. In 2010, he became a project manager and was obliged to overseeing the operations of projects such as cable installation projects. On 1 January 2018, Mr. Teoh got promoted as a senior project manager of the Group. Mr. Teoh obtained a diploma in mechanical engineering from Institut Teknologi Pertama in December 2003. He has been awarded the certificate in building construction safety supervisors from Building and Construction Authority in May 2000. He has further achieved certificate in pavement construction and maintenance from the Building and Construction Authority in November 2002. In December 2009, he had completed a construction safety course for project managers provided by Absolute Kinetics Consultancy Pte. Ltd. He further attained his bachelor's degree in construction management in Royal Melbourne Institute of Technology in August 2022.

Mr. Ng Choon Tat ("Mr. Ng CT"), aged 40, joined the Group in December 2013 as the project engineer of WGC and he was promoted as a project manager in November 2016. Mr. Ng CT is responsible for overseeing the operations of projects under the direction of the senior project manager. Mr. Ng CT is the son of Mr. Ng TS, nephew of Mr. Ng TF, Mr. Ng TK and Ms. Ng ML, and brother of Mr. Ng CW. Mr. Ng CT has about 12 years of experience in engineering. From September 2011 to August 2013, he has worked as an engineer with Eastern Green Power Pte. Ltd. Mr. Ng CT first obtained a diploma in electrical engineering in Ngee Ann Polytechnic in July 2005, he later on attained bachelor's degree in electrical engineering with Queensland University of Technology in July 2011.

Mr. Wong Kong Wei, aged 38, joined the Group in January 2016 as a project engineer and he was promoted as a project manager in January 2018. Mr. Wong is responsible for overseeing the operations of projects under the direction of the senior project manager. Mr. Wong has about 12 years of experience in the construction industry in Singapore. Prior to the position in the Group, he was a project engineer at Samwoh Corporation Pte Ltd from May 2010 to December 2010. He was a project engineer in Or Kim Peow Contractors (Pte) Ltd. from December 2010 to June 2014. Mr. Wong first obtained his diploma in civil and structural engineering from Singapore Polytechnic in March 2007. He later gained his bachelor's degree in civil engineering from the Nanyang Technological University in June 2010. Further, he had completed another bachelor's degree in economics and finance with RMIT University in December 2015.

DIRECTORS' REPORT

The Directors present this report together with the audited consolidated financial statements of the Group (the **"Consolidated Financial Statements"**) for the year ended 31 December 2023 (the **"Year"**).

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 15 May 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Pursuant to the Group reorganisation in preparation for the Listing as set out in the section headed "History, Development and Reorganisation" in the Company's prospectus dated 25 February 2020 which was completed on 12 February 2020 (the **"Reorganisation"**), the Company became the holding company of its subsidiaries comprising the Group. The Company's shares were listed on the Main Board of the Stock Exchange (the **"Listing"**) on 12 March 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary and other support services; and (iv) sales of goods and milled waste. Details of the principal activities of the principal subsidiaries of the Company are set out in Note 16 to the Consolidated Financial Statements of this annual report.

RESULTS, BUSINESS REVIEW AND PROSPECT

The results of the Group for the Year are set out in the Consolidated Financial Statements in this annual report. A review of the business and prospect of the Group for the Year, which include an analysis using financial key performance indicators of the Group's business, particulars of important events affecting the Group, an indication of likely future developments in the Group's business, and discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Environmental, Social and Governance Report" and Consolidated Financial Statements of this annual report. The review forms part of this report of the Directors.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, is set out on page 5 of this annual report. This summary does not form part of the audited Consolidated Financial Statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed to building an environmentally-friendly corporation and minimising our impact on the environment. During the Year, the Group had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection. Detailed information on the environmental policies and performance adopted by the Group set out in the section headed "Environmental, Social and Governance Report" on pages 39 to 64 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, as far as the Directors are aware, the Group complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance. There was no material breach or non-compliance with the applicable laws and regulations by the Group during the Year.

DIRECTORS' REPORT

RELATIONSHIP WITH KEY STAKEHOLDERS

The sustainable development of the Group also depends on the support from key stakeholders which comprise of customers, suppliers, subcontractors and employees.

During the Year, none of the Directors, their respective close associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest customers or suppliers or subcontractors.

Customers

Our customers include (i) energy utilities companies; (ii) telecommunications companies; (iii) main contractors of various infrastructure development projects in Singapore; (iv) others which mainly represented by asphalt premix suppliers and contractors of various infrastructure development projects which our Group did not provide any services under contract works. We believe that the establishment of a close relationship with our customers have enhanced market recognition of the Group to attract more business opportunities.

During the Year, revenue derived from the Group's largest customer and the five largest customers in aggregate accounted for approximately 23.9% (2022: 46.9%) and approximately 66.1% (2022: 82.2%) of the Group's total revenue, respectively.

Suppliers and subcontractors

We maintain good working relationships with our suppliers and subcontractors and do not foresee any material difficulties in sourcing for services and materials in the future. Our project team will hold regular meetings with our suppliers and subcontractors to discuss progress, quality and issues (if any) encountered or anticipated in a project.

During the Year, the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 6.0% (2022: 3.04%) and approximately 15.7% (2022: 11.18%) of Group's total purchases, respectively. Whereas, the Group's largest subcontractor and the five largest subcontractors in aggregate accounted for approximately 9.0% (2022: 11.87%) and approximately 32.7% (2022: 33.9%) of Group's total purchases, respectively.

Employees

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

We also place great importance in establishing a safe and healthy work environment for our employees. The Group has established a set of Quality, Safety, Health and Environmental ("QSHE") policies and have committed to high safety standard and environmental impact control to ensure the quality of our services. We have been continuously accredited with safety certifications such as ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and bizSAFE STAR certifications for our building and construction services, a testament to the systems and procedures that we have in place to deliver high quality services and that conforms to Singapore's EHS regulations.

DIRECTORS' REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. Customer concentration risk

As at 31 December 2023, our five largest customers in aggregate accounted for approximately 66.1% (2022: 82.2%) of our total revenue and any significant decrease in projects secured from any one of them or any change in their creditworthiness may affect our business, operations and financial results. There is no assurance that these top five customers will continue to use our services at fees acceptable to our Group. If any of our top five customers were to terminate their business relationship with us entirely, there can be no assurance that we would be engaged by other customers to replace any such loss. In addition, if any of our customers fail to settle our invoice in accordance with the agreed credit terms, our Group's working capital position may be adversely affected. Bad debt provisions or write-offs may also be required for receivables, which will have an adverse effect on our profitability. If there is a change in our customers' creditworthiness, our results of operations would be materially and adversely affected.

2. Non-recurring nature of our projects

Our contracts are awarded on a project basis and our revenue is non-recurring in nature. The Group cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing projects. Any failure to do so could materially and adversely affect our financial performance.

3. Difficulties in recruiting and retaining skilled staff and/or foreign workers

There is high labor demand within the construction industry in Singapore and it is increasingly hard to employ skilled and licensed foreign workers due to the tightened policies on the employment of foreign workers and the labor short-age in Singapore. Any changes to the policies of the foreign workers' countries of origin may also affect the supply of foreign workers and cause disruptions to our operations, resulting in a delay for the completion of our projects.

In addition, we may also face difficulties in retaining skilled local and/or foreign employees due to unforeseen fluctuations in labor costs. We may need to take into consideration such salary trends when recruiting or retaining skilled local and/or foreign employees as we would want to offer more competitive remuneration packages in order to attract higher skilled labor which may result in increased operating expenses thereby affecting our financial performance.

DIRECTORS' REPORT

PRINCIPAL PROPERTIES

Details of the principal properties held for investment purposes for the Group are set out in Note 15 to the Consolidated Financial Statements of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in Note 14 to the Consolidated Financial Statements of this annual report.

SUBSIDIARIES

Details of the Company's principal subsidiaries as of 31 December 2023 are set out in Note 16 to the Consolidated Financial Statements of this annual report.

SHARE CAPITAL

As at 31 December 2023, 1,064,000,000 shares of HK\$0.01 each of the Company (the "Shares") were in issue. Details of movement in the share capital of the Company during the Year are set out in Note 29 to the Consolidated Financial Statements of this annual report.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the Consolidated Statement of Changes in Equity on page 75 and Note 37 to the Consolidated Financial Statements of this annual report, respectively. As at 31 December 2023, the Company did not have distributable reserves available for distribution to shareholders (2022: Nil). Details of distributable reserves of the Company as at 31 December 2023 are set out in Note 37 to the Consolidated Financial Statements of this annual report.

DIVIDEND POLICY

The Company adopted a dividend policy which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its profits, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, as dividends to the Shareholders. The Board adopted the dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Company does not have any pre-determined dividend distribution ratio. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the provisions of the second amended and restated articles of association of the Company (the "Articles of Association") and all applicable laws and regulations and the factors set out below.

The Board shall also take into account various factors of the Group when considering the declaration and payment of dividends such as operations, earnings, financial condition, cash requirements and availability, capital expenditure, future development requirements, business conditions and strategies, interests of the Shareholders, any restrictions on payment of dividends, and any other factors that the Board may consider relevant.

DIRECTORS' REPORT

Depending on the financial conditions of the Group and the various factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend, and any distribution of profits that the Board may deem appropriate. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of a final dividend to the Shareholders for the Year (2022: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company (as defined below), no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate with the exception of granting of share options to subscribe for shares under the Share Option Scheme.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 30 to 38 of this annual report.

ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") of the Company will be held on 19 June 2024 and the notice convening such meeting will be published and despatched to the Shareholders in the manner as required by Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in due course.

DIRECTORS' REPORT

DIRECTORS

The Directors during the financial year and up to the date of this annual report were:

Executive Directors:

Mr. Ng Tian Soo (*Chairman*)
Mr. Ng Tian Fah (*Chief Executive Officer*)
Mr. Huang Lei (appointed with effect from 25 July 2023)

Independent Non-Executive Directors:

Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong)
Ms. Lee Wing Yin Jessica
Mr. George Christopher Holland

In accordance with Articles 83-84 of the Articles of Association, Mr. Ng Tian Soo, Mr. Huang Lei and Ms. Lee Wing Yin Jessica will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

The Company received annual confirmation of independence from each of the independent non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Ng Tian Soo and Mr. Ng Tian Fah, the executive Directors, entered into a service agreement with the Company for an initial term of three years commencing from 12 March 2020. The term of service shall be renewable automatically for successive terms of three years each commencing from the day next after the expiry of the then current term of the appointment, unless and until terminated by either party giving to the other not less than three months' prior notice in writing.

Mr. Huang Lei, the executive Director, entered into a service agreement with the Company for an initial term of three years commenced from 25 July 2023. The term of service shall be renewable automatically for successive terms of three years each commencing from the day next after the expiry of the then current term of the appointment, unless and until terminated by either party giving to the other not less than three months' prior notice in writing.

Each of the independent non-executive Directors entered into a renewed letter of appointment with the Company for a term of one year commenced from 12 March 2024 subject to retirement by rotation and re-election in accordance with the Articles of Association.

None of the Directors, including those to be re-elected at the AGM, has a service contract or appointment letter with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 12 to 15 of this annual report.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

EMOLUMENT POLICY

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

DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

The Directors' emoluments are subject to shareholders' approval at AGM of the Company. Other emoluments are determined by the Board with reference to the recommendations by remuneration committee of the Company, directors' duties, responsibilities and performance and the results of the Group. Our Company also adopted share option scheme as an incentive to our Director and senior management.

Details of the Directors' emoluments and the five highest paid individuals of the Group during the Year are set out in Note 36 and Note 10 to the Consolidated Financial Statements of this annual report respectively.

No Director has waived or has agreed to waive any emoluments during the Year.

PERMITTED INDEMNITY PROVISIONS

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

Such permitted indemnity provision is currently in force and was in force during the Year. In addition, the Company has also maintained Directors' and officers' liability insurance during the Year, which provides appropriate insurance coverage in respect of legal actions against its Directors and officers arising from corporate activities.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save for the service contract/letter of appointment with the Directors and related party transactions as disclosed in Note 32 to the Consolidated Financial Statements, no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the Year or at any time during the Year.

DIRECTORS' REPORT

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company or any of their subsidiaries has a material interest, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

NON-COMPETITION UNDERTAKING

WGI (BVI), Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai Kwee Lim ("**Mr. Chai KL**") (collectively the "**Covenantors**") entered into a deed of non-competition dated 18 February 2020 (the "**Deed of Non-Competition**") in favour of the Company and had jointly and severally undertaken and covenanted with the Company (for itself and as trustee of its subsidiaries) that from the date of listing of the Shares on the Stock Exchange on 12 March 2020 (the "**Listing Date**") and ending on the occurrence of the earliest of (i) the day on which the Shares cease to be listed on the Stock Exchange; or (ii) the day on which the Covenantors cease to be the controlling shareholders (as defined under the Listing Rules) of the Company, he or it shall not, and shall procure entities or companies controlled by him or it (other than members of the Group) not to at any time during the period that the Deed of Non-Competition remains effective, directly or indirectly, either on his or its own account or in conjunction with or on behalf of any person, firm or company (in each case whether as a shareholder, partner, agent, employee or otherwise), partnership or joint venture carry on, engage, participate, hold any rights or interest in any way assist in or provide support (whether financial, technical or otherwise) to any business which is the same as, similar to or in competition (either directly or indirectly) or likely in competition with the current business of the Group, namely, the provision of civil engineering utilities works and any other business conducted by the Group from time to time (the "**Restricted Business**"), save for the holding of not more than 10% shareholding interests (individually or any of the Covenantors with their associates (with meaning ascribed to it under the Listing Rules) collectively) in any listed company in Hong Kong.

Each of the Covenantors had further jointly and severally undertaken and covenanted with the Company that if any new business opportunity relating to the Restricted Business (the "**New Business Opportunity**") was made available to any of the Covenantors or their respective associates, directly or indirectly, whether individually or together (other than members of the Group), he or it will direct or procure the relevant respective associates to direct the New Business Opportunity to the Group with such required information to enable the Group to evaluate the merits of the relevant New Business Opportunity. The relevant Covenantor will provide or procure the relevant respective associates to provide the Group with all such reasonable assistance to secure such New Business Opportunity.

A Covenantor may only engage in the New Business Opportunity if (i) a non-acceptance notice is received by the Covenantor for confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business; or (ii) a non-acceptance notice is not received by the Covenantor within 30 days after the receipt of the proposal of the New Business Opportunity by the Company.

DIRECTORS' REPORT

As disclosed in the announcement of the Company dated 30 August 2023, the Board was informed that:

- a) on 30 August 2023, Mr. Chai KL completed the transfer of 1,000 ordinary shares of WGI (BVI) held by him to Mr. Ng TS at the consideration of HK\$944,193.60 (the "**Transfer**"). Immediately after the completion of the Transfer, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL entered into deed of termination to acting in concert confirmatory deed dated 30 August 2023 to terminate the confirmatory deed dated 23 July 2019, entered into by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL to acknowledge and confirm, among other things, their acting-in-concert arrangement in relation to the Company and the members of the Group (the "**2019 Confirmatory Deed**"). As a result of the termination of the 2019 Confirmatory Deed, Mr. Chai KL is no longer bound by the collective management arrangement in the Group and he is no longer deemed to be interested in WGI (BVI)'s interest in the Shares under the Securities and Futures Ordinance of Hong Kong (the "**SFO**").
- b) on 30 August 2023, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK and Ms. Ng ML entered into acting in concert confirmatory deed (the "**2023 Confirmatory Deed**") immediately after the completion of the Transfer and the termination of the 2019 Confirmatory Deed, pursuant to which they acknowledged and confirmed their acting in concert arrangement in relation to the Company and the members of the Group on similar terms as set out in the 2019 Confirmatory Deed. WGI (BVI), Mr. Ng TS, Mr. Ng TF, Mr. Ng TK and Ms. Ng ML (the "**Controlling Shareholders**"), being the original parties to the Deed of Non-Competition entered into by them, continue to be bound by it notwithstanding the termination of the 2019 Confirmatory Deed.

The Controlling Shareholders and Mr. Chai KL have provided written confirmation to the Company confirming that they have complied with the undertakings in the Deed of Non-Competition during the periods from 1 January 2023 to 31 December 2023 and from 1 January 2023 to 29 August 2023 respectively. The independent non-executive Directors have also reviewed the status of compliance by each of the Covenantors with the undertakings stipulated in the non-competition undertakings and have confirmed that, as far as the independent non-executive Directors can ascertain, there is no breach of any of such undertakings.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Year, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' REPORT

SHARE OPTION SCHEME

The shareholders of our Company approved and adopted a share option scheme on 18 February 2020 (the “**Share Option Scheme**”) to enable our Company to grant options to eligible participants as incentives and rewards for their contribution to our Group. The Share Option Scheme took effect on the Listing Date. No share options had been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme. Therefore, there was no outstanding share option as at 31 December 2023. As at 31 December 2023, the total number of Shares available for issue under the Share Option Scheme was 106,400,000, representing 10% of the entire issued share capital of the Company.

The following is a summary of the principal terms of the Share Option Scheme:

(a) Who may participate and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser, substantial shareholder and distributor, contractor, supplier, agent, customer, business partner or service provider of any member of our Group, options to subscribe at a price calculated in accordance with paragraph (b) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(b) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the normal value of a Share on the date of grant of the option.

For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price of the Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before listing.

(c) Grant of options and acceptance of offers

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 our Company on acceptance of the offer for the grant of an option is HK\$1.00.

(d) Maximum number of shares in respect of which options may be granted

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any options granted under any other share option scheme of the Company must not in aggregate exceed 10% of the Shares in issue as of the Listing Date, representing 106,400,000 share of the Company, unless our Company obtains a fresh approval.

DIRECTORS' REPORT

(e) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting with such participant and his close associates abstaining from voting. In such event, our Company must send a circular to the shareholders containing the identity of the participant, the number and terms of the options to be granted (and options previously granted to such person), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(g) Minimum vesting period

No minimum period for which an option must be held before the exercise of any option save as otherwise imposed by the Board in the relevant offer of options.

(h) Performance targets

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.

(i) Duration of Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption, 18 February 2020 and expiring at the close of the business on the business day immediately preceding the tenth anniversary thereof.

RETIREMENT SCHEME

The Group participates in the Central Provident Fund scheme, which is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement. Save as the aforesaid, the Group did not participate in any other pension schemes during the Year.

During the year ended 31 December 2023, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2023, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules were as follows:

(a) Long positions in the Shares

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Ng TS (Note)	Interest in controlled corporation	542,640,000	51.00%
Mr. Ng TF (Note)	Interest in controlled corporation	542,640,000	51.00%
Mr. Huang Lei	Beneficial owner	85,360,000	8.02%

Note: 542,640,000 Shares are held by WGI (BVI) which is beneficially owned as to 35% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK and 9% by Ms. Ng ML. Pursuant to the acting in concert confirmatory deed dated 30 August 2023, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK and Ms. Ng ML become parties acting in concert and they are deemed to be interested in the Shares held by WGI (BVI) pursuant to the SFO.

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Percentage of interest in associated corporation
Mr. Ng TS (Note)	WGI (BVI)	Beneficial owner	17,500	35.00%
Mr. Ng TF (Note)	WGI (BVI)	Beneficial owner	14,000	28.00%

Note: The Company is owned as to 51% by WGI (BVI). WGI (BVI) is beneficially owned as to 35% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK and 9% by Ms. Ng ML.

Save as disclosed above, as at 31 December 2023, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2023, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital
WGI (BVI) (Note 1)	Beneficial owner	542,640,000	51.00%
Mr. Ng TS (Note 1)	Interest in controlled corporation	542,640,000	51.00%
Mr. Ng TF (Note 1)	Interest in controlled corporation	542,640,000	51.00%
Mr. Ng TK (Note 1)	Interest in controlled corporation	542,640,000	51.00%
Ms. Ng ML (Note 1)	Interest in controlled corporation	542,640,000	51.00%
Ms. Pang Kip Moi (Note 2)	Interest of spouse	542,640,000	51.00%
Ms. Phang May Lan (Note 3)	Interest of spouse	542,640,000	51.00%
Ms. Tang Siaw Tien (Note 4)	Interest of spouse	542,640,000	51.00%
Mr. Chen Teck Men (Note 5)	Interest of spouse	542,640,000	51.00%
Mr. Huang Lei (Note 6)	Beneficial owner	85,360,000	8.02%

Notes:

1. 542,640,000 Shares are held by WGI (BVI) which is beneficially owned as to 35% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK and 9% by Ms. Ng ML. Pursuant to the acting in concert confirmatory deed dated 30 August 2023, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK and Ms. Ng ML become parties acting in concert and they are deemed to be interested in the Shares held by WGI (BVI) pursuant to the SFO.
2. Ms. Pang Kip Moi is the spouse of Mr. Ng TS and accordingly, is deemed, or taken to be, interested in all the Shares that Mr. Ng TS is interested in by virtue of the SFO.
3. Ms. Phang May Lan is the spouse of Mr. Ng TF and accordingly, is deemed, or taken to be, interested in all the Shares that Mr. Ng TF is interested in by virtue of the SFO.
4. Ms. Tang Siaw Tien is the spouse of Mr. Ng TK and accordingly, is deemed, or taken to be, interested in all the Shares that Mr. Ng TK is interested in by virtue of the SFO.
5. Mr. Chen Teck Men is the spouse of Ms. Ng ML and accordingly, is deemed, or taken to be, interested in all the Shares that Ms. Ng ML is interested in by virtue of the SFO.
6. Mr. Wang Yin Chen is the child of Mr. Huang Lei and accordingly, is deemed, or taken to be, interested in all the Shares that Mr. Huang Lei is interested in by virtue of the SFO.

DIRECTORS' REPORT

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

RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the Year are set out in Note 32 to the Consolidated Financial Statements of this annual report. These transaction did not fall under the definition of connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. While the Group also has entered into certain continuing connected transactions which are fully exempted and not subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders by reason of their holding of the Shares.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules for the Year and up to the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Company and its subsidiaries which have occurred after the year ended 31 December 2023 and up to the date of this annual report.

AUDITOR

The Consolidated Financial Statements have been audited by Moore CPA Limited (formerly known as "Moore Stephens CPA Limited"), who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM of the Company. There has been no change in auditors during the years ended 31 December 2023, 31 December 2022 and 31 December 2021.

By Order of the Board
Wei Yuan Holdings Limited

Ng Tian Soo
Chairman and Executive Director

27 March 2024

CORPORATE GOVERNANCE REPORT

Corporate governance provides the framework within which the board forms their decisions and build their businesses. The Company is committed to achieving good corporate governance and focusing on creating long-term sustainable growth for the Shareholders and delivering long-term values to all stakeholders. An effective corporate governance structure allows the Company to have a better understanding of, evaluate and manage, risks and opportunities. The Company adopted and complied with all the code provisions in the Corporate Governance Code (the “**CG Code**”) in Appendix C1 of the Listing Rules as its own code on corporate governance practices.

During the Year, the Company had complied with the code provisions set out in Part 2 of the CG Code.

BOARD OF DIRECTORS

The Company is governed by the Board which is primarily responsible for developing construction business strategies, leading and providing direction for construction project administration and management to ensure achieving the organisation’s objectives; planning and directing the Group’s construction function, overseeing all major construction programmes to ensure all projects consistent with the Group’s goals as well as the timeliness of the progress and completion within budget and adhered to pre-established specifications; and providing independent advice to the Board. The Board sets the overall policies, strategy and directions for the Group with a view to developing its business and enhancing the Shareholders value.

The Board meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group. The Board has delegated certain duties and authorities to the senior management of the Company which are management of accounting operations and reporting, taxation, financial planning and internal control systems; and overseeing day-to-day management, the operations of projects and accounts and finance team management.

The Board established mechanism to ensure independent views and input are available to the Board. The independent non-executive Directors of the Company (the “**INEDs**”) support the effective discharge of the duties and responsibilities of the Board and bring independent views and input to the Board. In addition, the Board, Board committees or individual Directors may seek independent professional advice, views and input, which shall include but not limited to legal advice, advice of accountants and advice of other professional financial advisors, as considered necessary to fulfil their responsibilities and in exercising independent judgment when making decisions in furtherance of their Directors’ duties at the Company’s expense.

The Board is responsible for performing the corporate governance functions such as developing and reviewing the Company’s policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management and the Company’s policies and practices on compliance with legal and regulatory requirements and etc. During the Year, the Board reviewed the compliance with the CG Code, the disclosure in the corporate governance report and the effectiveness of the risk management and internal controls systems of the Group.

The Board currently comprises, three executive Directors, namely Mr. Ng Tian Soo (chairman), Mr. Ng Tian Fah (chief executive officer (the “**CEO**”)) and Mr. Huang Lei, and three INEDs, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland.

Mr. Ng Tian Soo is the brother of Mr. Ng Tian Fah, Mr. Ng Tian Kew and Ms. Ng Mei Lian, and the father of Mr. Ng Choon Tat and Mr. Ng Choon Wee.

CORPORATE GOVERNANCE REPORT

The attendance records of the Directors for the regular Board, Board committees and general meetings of the Company for the Year are as follows:

Directors	No. of meetings attended/No. of meetings held				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Director					
Mr. Ng Tian Soo (<i>chairman</i>)	4/4	N/A	N/A	2/2	1/1
Mr. Ng Tian Fah (<i>CEO</i>)	4/4	N/A	4/4	N/A	1/1
Mr. Huang Lei (appointed with effect from 25 July 2023)	2/2	N/A	N/A	N/A	N/A
Independent Non-Executive Director					
Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong)	4/4	2/2	4/4	2/2	1/1
Ms. Lee Wing Yin Jessica	4/4	2/2	4/4	N/A	1/1
Mr. George Christopher Holland	4/4	2/2	N/A	2/2	1/1

Mr. Huang Lei, as a newly appointed Director during the year ended 31 December 2023, confirmed that he has on 7 July 2023 obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that is applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange, and he understood his obligations as a director of a listed issuer pursuant to Rule 3.09D of the Listing Rules.

In compliance with the Listing Rules, the Company appointed INEDs with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The INEDs, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company received annual confirmation of independence under Rule 3.13 of the Listing Rules from each of the INEDs and believes that their independence is in compliance with the Listing Rules.

The term of appointment pursuant to the renewed letters of appointment of Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland is for a period of one year commencing from 12 March 2024. The non-executive Directors are subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting of the Company pursuant to the Articles of Association.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the Year, according to the records provided by the Directors, the participation by each Director in the continuous professional development ("CPD") was recorded as follows:

The executive Directors, Mr. Ng Tian Soo and Mr. Ng Tian Fah, participated in CPD activities by way of attending training covering topics including top executive programme and reading materials covering topics including amendments to the Listing Rules.

CORPORATE GOVERNANCE REPORT

The executive Director, Mr. Huang Lei, participated in CPD activities by way of reading materials covering topics including amendments to the Listing Rules.

The INEDs, Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland, participated in CPD activities by way of reading materials covering topics including amendments to the Listing Rules.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the “**Board Diversity Policy**”) to continuously seek to enhance the effectiveness of its Board by maintaining the highest standards of corporate governance and recognising and embracing the benefits of diversity in the boardroom. The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board’s effectiveness.

The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including skills, regional and industry experience, background, race, gender and other qualities etc. In forming its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to serve its shareholders and other stakeholders going forward. The Board will give adequate consideration to the Board Diversity Policy when it identifies suitably qualified candidates to become members of the Board.

The Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness. The Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels. While we recognise that gender diversity at the Board level can be improved, the Company will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole.

The Board currently comprises one female Director and five male Directors. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the Board Diversity Policy and the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board.

The Company has also taken, and continues to take, steps to promote diversity at all levels of its workforce (including senior management). Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. As at 31 December 2023, the gender ratio of the Group’s workforce (including senior management) was 92.9% male and 7.1% female.

The percentage of female employees in the Group’s workforce increased from 6.6% in 2022 to 7.1% in 2023. The gender ratio for the Board is 5 males to 1 female as at 31 December 2023.

The Group is devoted in achieving gender diversity and will continue to promote gender diversity across its workforce by hiring suitable female staff when appropriate. We target to maintain the percentage of female employees in the Group’s workforce of no less than 5% in the next three years.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix C3 of the Listing Rules as its codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors, who held office as Director during the Year, have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding the Directors' securities transactions during the Year. The Company will from time to time reiterate and provide reminder to the Directors regarding the procedures, rules and requirements to be complied with by them in relation to the Directors' dealings in securities of the Company.

REMUNERATION COMMITTEE

The Company established a remuneration committee in February 2020 with written terms of reference in compliance with the CG Code of the Listing Rules. The remuneration committee of the Company comprises one executive Director, namely Mr. Ng Tian Fah, and two INEDs, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) and Ms. Lee Wing Yin Jessica. The remuneration committee of the Company is chaired by Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong).

The primary duties of the remuneration committee of the Company are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; review and approve the management's remuneration proposals and make recommendations to the Board on remuneration of non-executive Directors. The Directors are remunerated with reference to their respective duties and responsibility with the Company, the Company's performance, other companies in the industry in which the Group operates and current market practice. The remuneration committee of the Company adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

During the Year, the remuneration committee of the Company reviewed the Group's remuneration policy and structure and the remuneration packages of the Directors of the Company and the senior management of the Group; reviewed the remuneration package of the Director proposed to be appointed and the letters of appointment of INEDs; and reviewed and approved the reports, the results announcements and the circular of the Company regarding the remuneration and the service contracts of the Directors.

Details of Directors' emoluments and Directors' retirement benefits for the Year are disclosed in Note 36 to the Consolidated Financial Statements.

NOMINATION COMMITTEE

The Company established a nomination committee (the "NC") in February 2020 with written terms of reference in compliance with the CG Code of the Listing Rules. The NC comprises one executive Director, namely Mr. Ng Tian Soo, and two INEDs, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) and Mr. George Christopher Holland. The NC is chaired by Mr. Ng Tian Soo.

The primary duties of the NC are to review the structure, size and composition of the Board, consider inter alia the skills, knowledge, experience, length of service and the breadth of expertise of the Board as a whole; identify individuals suitably qualified to become Board members; assess the independence of INEDs; make recommendations to the Board on the appointment or re-appointment of Directors and formulate nomination policy for consideration of the Board.

CORPORATE GOVERNANCE REPORT

The NC is to identify and evaluate a candidate for nomination to the Board for appointment or the Shareholders for election, as a Director. The NC shall consider a number of factors in making nominations, including but not limited to the following:

- Skills and experience: The candidate should possess the skills, knowledge and experience which are relevant to the operations of the Group;
- Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the Board Diversity Policy and the balance of skills and experience in Board composition;
- Commitment: The candidate should be able to devote sufficient time to attend Board meetings and participate in induction, trainings and other Board associated activities. In particular, if the proposed candidate will be nominated as an INED and will be holding his/her seventh (or more) listed company directorship, the NC should consider the reason given by the candidate for being able to devote sufficient time to the Board;
- Standing: The candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director; and
- Independence: The candidate to be nominated as an INED must satisfy the independence criteria set out in the Listing Rules.

If the NC determines that an additional or replacement Director is required, the NC may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate. The NC may propose to the Board a candidate recommended or offered for nomination by a Shareholder as a nominee for election to the Board. On making recommendation, the NC may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as Director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to the Shareholders for election or re-election (where appropriate) at the general meeting of the Company.

The executive Directors, Mr. Ng Tian Soo and Mr. Ng Tian Fah, entered into service agreements for their appointment with the Company for an initial term of three years commencing from 12 March 2020 and the term is renewable automatically after the expiry of the current term of appointment.

The executive Director, Mr. Huang Lei, entered into a service agreement for his appointment with the Company for an initial term of three years commencing from 25 July 2023 and the term is renewable automatically for successive terms of three years each commencing from the day next after the expiry of the then current term of the appointment.

Each of the INEDs entered into a renewed letter of appointment for his/her appointment with the Company for a term of one year commencing from 12 March 2024.

All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

CORPORATE GOVERNANCE REPORT

According to Articles 84(1)–(2) of the Articles of Association, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting of the Company at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

According to Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

During the Year, the NC reviewed the structure, size and composition of the Board; the proposed Directors for re-election at the annual general meeting of the Company; the appointment of executive Director; and assessed the independence of INEDs.

AUDIT COMMITTEE

The Company established an audit committee in February 2020 with written terms of reference in compliance with the CG Code of the Listing Rules. The audit committee of the Company comprises three INEDs, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland. The audit committee of the Company is chaired by Ms. Lee Wing Yin Jessica.

The primary duties of the audit committee of the Company are to review the risk management and internal control systems of the Group, the Group's financial and accounting policies and practices and the financial statements and reports of the Company and the external auditors' fees; and discuss the scope of audit with the auditor.

During the Year, the audit committee of the Company reviewed the Group's audited annual results for the year ended 31 December 2022, the unaudited interim results for the six months ended 30 June 2023 and the accounting principles and practices adopted by the Group; and discussed with the management of the Company on risk management and internal control systems and financial reporting matters of the Group.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS OF THE COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements of the Company which give a true and fair view of the financial position of the Company on a going concern basis and which are in compliance with the relevant accounting standard and principles, applicable laws and disclosure provisions of the Listing Rules. The Directors also acknowledge their responsibility for overseeing the preparation of the Consolidated Financial Statements in accordance with the basis of presentation set out in Note 2 to the Consolidated Financial Statements on a going concern basis and which are in compliance with the relevant accounting standard and principles, applicable laws and disclosure provisions of the Listing Rules. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's and the Group's ability to continue as a going concern.

AUDITOR AND THEIR REMUNERATION

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Company and the Consolidated Financial Statements for the Year is set out in the section "Independent Auditor's Report on Consolidated Financial Statements" of this annual report. During the Year, remuneration paid and payable to the Group's current independent auditor and its foreign member firm in respect of the year ended 31 December 2023 is approximately S\$207,000 for annual audit services and nil for non-audit services.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group's objective is to ensure a sound system of risk management and internal controls and risk management policies in place in order to achieve the Group's business objectives. The Group established a policies & procedures manual for enterprise risk management policy (the "**Policy**") setting out guidelines in relation to the Group's risk management framework. The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems and reviewing their effectiveness in order to safeguard the interests of the Shareholders and the assets of the Group.

The Board is responsible for the risk governance and determining the nature and extent of the significant risks which the Board is willing to accept in achieving its strategic objectives.

The Board shall determine the Group's level of risk tolerance and risk management process and policies. They are also responsible for overseeing the management of the Group in the design, implementation and monitoring of the risk management and internal control systems.

The key management personnel of the Group are responsible for identifying and updating key risks relevant to the Group's business as per the risk categories in the Policy such as strategic and operational risks, financial risks, compliance risks and operational risks. The employees of the Group are to manage risks within their spheres of control in accordance with the Group's policies and procedures and the Group's code of conduct.

The Group's risk analysis involves consideration of the causes and sources of risk, potential positive or negative impact and consequence and the likelihood of occurring the identified consequence. The risk analysis process involves the assignment of an overall residual risk rating for each risk documented in the risk register. Standardized rating scales would be applied across all risk management activities and business units of the Group.

CORPORATE GOVERNANCE REPORT

Risk treatment involves selecting and implementing one or more options such as avoiding, reducing, sharing and retaining or accepting the risk of the Company to reduce the residual risk to an acceptance level that is within the Group's risk appetite. Risk owners with given authority would consider the various risk treatment options available, weigh the cost-benefit of each option and consider the feasibility and timeline of such implementation and are responsible for regularly monitoring and reporting the progress of treatment implementation to the management team of the Company and other relevant stakeholders.

The management team of the Group shall present risk management reporting which also comprised of update of risk register and progress reporting of risk treatment implementation on a half-yearly basis.

The Board would, at least annually, review the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

Action items to mitigate the identified risks are developed for implementation. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The procedures and internal controls of the Company for handling and dissemination of inside information includes conducting the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all policies regarding the inside information.

During the Year, the Board reviewed the effectiveness of the Group's risk management and internal control systems. The Company considered the Group's risk management and internal control systems are effective and adequate.

The Company has an internal audit function performed by an engaged external professional adviser which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the audit committee of the Company on, at least, an annual basis.

COMPANY SECRETARY

The Company engaged Ms. Fung Mei Ling, who has been working with BPO Global Services Limited which amalgamated with Acclime Corporate Services Limited, as its company secretary. Its primary corporate contact person at the Company is Mr. Tan Xin Hua, the financial controller of the Company.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to the Articles of Association, any 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 carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one 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.

CORPORATE GOVERNANCE REPORT

Putting forward proposals at general meetings

The Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph. The written requisition should be signed by the requisitioner(s) and deposited at the Company's principal place of business in Hong Kong, specifying the Shareholders' contact details and the resolution intended to be put forward at general meeting of the Company.

For including a resolution to propose a person for election as a Director at general meeting of the Company, the Shareholders are requested to follow the Articles of Association. A written notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as a Director are posted on the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The objective of the Shareholders' communication is to provide the Shareholders with information about the Company and enable them to engage actively with the Company and exercise their rights as the Shareholders in an informed manner. Effective and timely dissemination of information to the Shareholders shall be ensured at all times.

Information shall be communicated to the Shareholders mainly through the Company's financial reports (half-year and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the corporate communication documents submitted to the Stock Exchange on the Company website and the Stock Exchange website. Information on the Company website (www.weiyuanholdings.com) is updated on a regular basis.

The Shareholders should direct their questions about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong. The Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. The Shareholders may also make enquiries to the Board by writing to the Company Secretary at the Company's principal place of business in Hong Kong at Unit B, 17/F, United Centre, 95 Queensway, Hong Kong.

Upon reviewing the implementation and effectiveness of the Shareholders' communication policy of the Company, the Board considers the policy and its implementation are effective as the policy provides effective channels for the Shareholders to communicate their views with the Company and the Company complied with the principles and required practices as set out in the policy during the Year.

CONSTITUTIONAL DOCUMENTS

During the Year, a special resolution approving the adoption of the second amended and restated articles of association of the Company in substitution for and to the exclusion of the amended and restated articles of association of the Company was passed by the Shareholders at the annual general meeting of the Company held on 21 June 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Report Overview

This is the annual environmental, social and governance (the “ESG”) report (the “Report”, “ESG Report”) published by Wei Yuan Holdings Limited (the “Wei Yuan ” or “We”, and together with its subsidiaries, the “Group”) for the disclosure of relevant information of the Group from 1 January 2023 to 31 December 2023 (the “Reporting Period”, “FY2023”, or “2023”). This Report is available on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company.

Reporting Scope

The reporting boundary of this Report is consistent with the entities stated in the annual report.

This Report discloses the ESG performance of the Group’s business activities in Singapore, including the contract works of power cables installation and telecommunication and fiber optic networks, road milling and resurfacing services and ancillary support and other services.

Reporting Framework

This Report has been prepared in compliance with all the applicable provisions outlined in the Environmental, Social and Governance Reporting Guide (the ESG Reporting Guide) as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange.

Reporting Principles

In the process of preparation of this Report, the Group have adhered to the reporting principles stipulated in the ESG Reporting Guide as the following:

- **Materiality:** The Group has commenced materiality assessment to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for preparing the ESG Report. The board and the ESG Working Group reviewed and approved the materiality of issues. Please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment” for further details.
- **Quantitative:** Each department of the Group coordinates to collect and record the key performance data regarding the environment and society, thereby presenting the Group’s performance in the environmental and social key performance indicators (“KPIs”) through quantified data disclosed in the ESG Report to explain any standards, methodologies, and sources of conversion factors used in calculating emissions and energy consumption.
- **Balance:** The Group describes each issue in an accurate, unbiased, and fair manner and discloses both positive and negative information about the Group during the Reporting Period to ensure the content balance and help readers reasonably assess the overall performance of the Group.
- **Consistency:** The preparation approach of this ESG Report is substantially consistent with the previous year, and explanations are provided regarding data with changes in the scope of disclosure and calculation methodologies to ensure a year-to-year data comparison.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Forward-Looking Statements

This Report contains forward-looking statements based on the current expectations, estimates, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it and its subsidiaries operate. The forward-looking statement is not a guarantee of future performance and is subject to market risk, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes and returns may differ materially from the assumptions and statements in this Report.

Contact and Feedback

Your feedback is valuable to our continuous improvement, and we welcome any comments and suggestions you may have on this ESG report. You are welcome to provide valuable feedback on this Report or our sustainability performance by email at info@weiyuanholdings.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT AND ESG GOVERNANCE STRUCTURE



Board’s Oversight of ESG Issues

While striving to create value for its shareholders, the Group also endeavours to fulfil its corporate social responsibility. We view our ESG commitment as part of our corporate social responsibility and are committed to incorporating ESG considerations into our decision-making process. To achieve this goal, we have developed a core governance framework to ensure that ESG is aligned with our strategic growth while advocating the integration of ESG into our business operations. The corporate social responsibility structure is divided into the Board of Directors (the “**Board**”) and the ESG Working Group.

The Board has ultimate oversight responsibility for the Group’s ESG matters, including ESG approach, strategies, and policies. To better manage the Group’s ESG performance and identify potential risks, the Board of Directors, with the assistance of the ESG Working Group, conducts regular materiality assessments concerning the opinions of different stakeholders to assess and prioritise important ESG-related matters.

The ESG Working Group

Under the leadership of the Board, the ESG work has been carried out by a designated ESG working group composed of core personnel from different departments, chaired by CEO, to facilitate the Board’s oversight of ESG matters. During the Reporting Period, the Working Group undertook all-around ESG-related issues, including briefing ESG targets, strategies, and initiatives to the Board, collecting ESG data, overseeing and evaluating the Group’s ESG performance and assisting in the preparation of ESG reports.

The ESG Working Group also arranges regular meetings to assess the effectiveness of current policies and procedures and develop appropriate solutions to improve the overall performance of ESG policies. At the meeting, the ESG Working Group discusses existing and plans, reduces potential risks and minimises disruption to its business operations. The ESG Working Group will report to the Board on a regular basis to evaluate the implementation and effectiveness of the internal control mechanism and to review the progress of established goals and targets. The ESG Working Group will also be involved in enterprise risk management to assist in the assessment and identification of the Group’s ESG risks and opportunities.

The Board confirms that it has reviewed and approved this Report. To the best of its knowledge, this Report fairly addresses the identified material issues and presents the ESG management approach and performance of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its business and ESG aspects. To understand their concerns and opinions in this respect, the Group regularly communicates with its stakeholders. Based on the industry background and sustainable development, our key stakeholders are included but not limited to shareholders and investors, customers, employees, suppliers, communities and NGOs, media, and the public, as well as government and regulatory authorities. We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the broader community continuously.

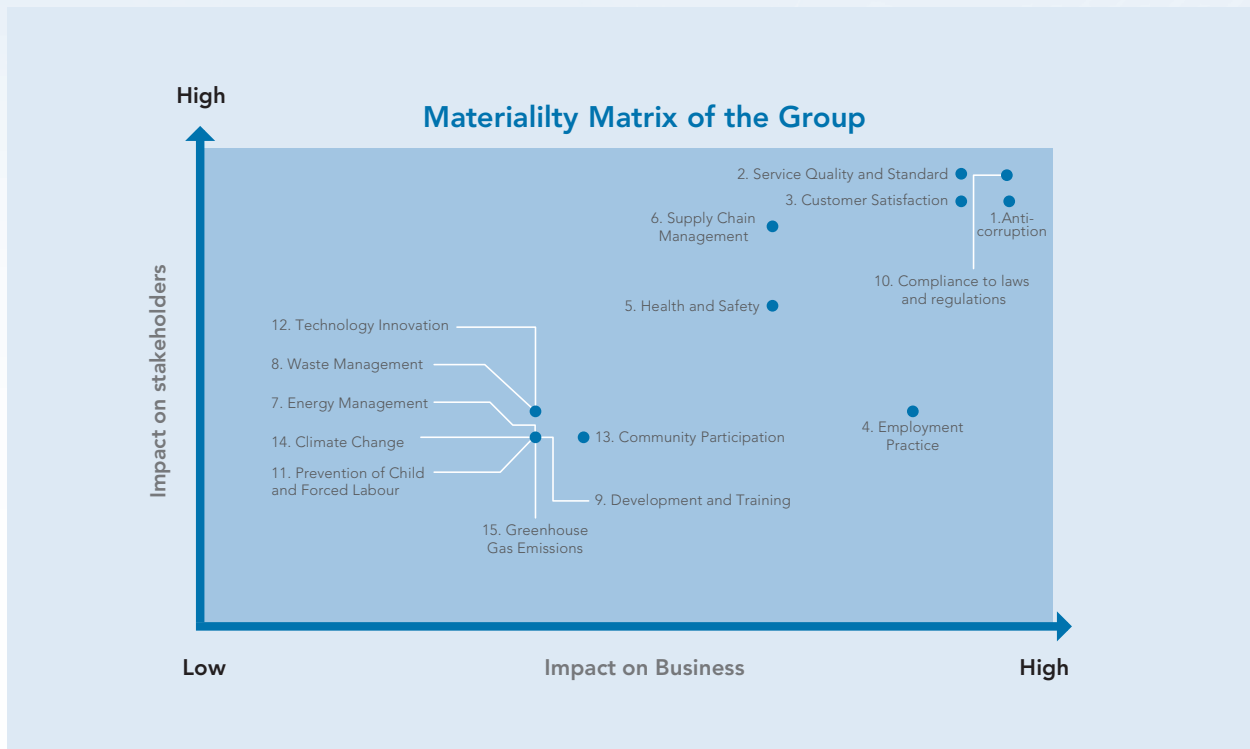
The Group has put in place a variety of communication channels, timely disclosing information on its operations and ESG performance and other aspects to stakeholders. In this way, we increase stakeholders' understanding and recognition of the Group and integrate the collected stakeholder expectations into our operations to protect the stakeholders' rights to information and participation. The following table provides an overview of the Group's main stakeholders and various platforms and communication channels to reach and respond.

Major Stakeholders	Expectations	Engagement Channels
Shareholders and Investors	<ul style="list-style-type: none"> Investment returns Sustainable business development Transparent financial information 	<ul style="list-style-type: none"> Company website General meetings Corporate reports and announcements Inspection on site
Employees	<ul style="list-style-type: none"> Good work environment Business sustainability and job security Career development and promotion Remuneration and benefits, recognition and reward Career development Remuneration and benefits Occupational health and safety 	<ul style="list-style-type: none"> Emails and suggestion box Employee meeting Annual employee performance review Employee training Team building activities
Customers	<ul style="list-style-type: none"> On time delivery Achieve project quality and delivery outcome Service excellence Value add services 	<ul style="list-style-type: none"> Customer feedback and complaints Customer visit
Suppliers and Business Partners	<ul style="list-style-type: none"> Business opportunities, mutual beneficial relationship for sustainable business Fair and open competition Effective collaboration 	<ul style="list-style-type: none"> Supplier qualification and performance assessment On-going direct engagement Procurement and tendering Regular site inspection
Regulators	<ul style="list-style-type: none"> Compliance with applicable regulatory requirements Creation of job opportunities 	<ul style="list-style-type: none"> Regular document submission Regular communication with regulatory authorities Forum, seminar and conference
Communities and NGOs	<ul style="list-style-type: none"> Minimize negative effects of the construction activities to the surrounding environment and neighborhood Support for community welfare and investment 	<ul style="list-style-type: none"> Meeting with the community Company website Email and hotline Sponsorship and donation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

Material issues are identified and evaluated based on the global sustainability agenda and international best practices, the Group's operation risks and strategies, and stakeholders' opinions. The Group discussed with key stakeholders on critical ESG issues to ensure all essential aspects were covered. A materiality assessment in the form of a survey has been compiled by the identified material ESG topics to solicit views and feedback from stakeholders. The Group has analysed the survey results and presented them in a materiality matrix. The following matrix is a summary of the Group's material ESG issues during the Reporting Period:



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL

The Group values the importance of sound environmental management and is committed to fulfilling its commitment to the well-being of society. The Group understands that its business activities and operations may pose different levels of impact on the environment. The Group strives to protect the environment by implementing control activities and monitoring measures in its business activities and workplace. The Group has formulated Green and Gracious Policy, in which specifies our commitments in minimising the environmental pollution, optimizing waste management and resource efficiency with the implementation of green practices at all sites and headquarter, as well as promoting environmental sustainability along with our business operation. The Group has established an environmental management system in accordance with the ISO 14001:2015 international standard in order to manage the environmental issues in a systematic manner and continuously improve our environmental performance. The Group has also been awarded with 2023 Heavy Goods Vehicle Fleet accredited by the Singapore Road Safety Council.

We are committed to promoting a green environment by introducing environmentally friendly business practices, educating our employees to raise their environmental protection awareness, and complying with the relevant environmental laws and regulations including but not limited to the Environmental Public Health Act (EPA), the Environmental Protection and Management Act (EPMA), and the Environmental Protection. During the Reporting Period, the Group did not identify any breaches of relevant environmental laws and regulations relating to air and greenhouse gas ("GHG") emissions, discharges into water and land.

2030 Environmental Goals

To support global efforts to address climate change and to facilitate the assessment of the effectiveness of the Group's strategies and measures to mitigate the impacts of climate change, environmental objectives are set as below. The Group is committed to achieving our ESG targets. These targets encompass reducing pollutant emissions, resource consumption and our carbon footprint. Detailed plans and initiatives taken to achieve these goals are outlined in the corresponding sections.

Below is the Group's Environmental Target 2030, using 2022 as baseline:

Energy consumption Intensity	Non-hazardous waste Intensity	Greenhouse gas emissions Intensity
↓ 5%	Maintain	↓ 5%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A1. EMISSIONS

Air Emissions

The principal source of emissions arising from the Group's operation was fuel consumed by vehicles. In response to the above source, the following emission reduction measures are actively adopted:

- Seek prior approval from the department head for vehicle use to ensure a well-planned transportation route to minimise unnecessary transportation needs;
- Ensure all the Group's vehicles function in the optimum conditions through regular maintenance;
- Prioritise the local vendors for product and service supplies selection to shorten the distance transportation; and
- Arrange regular examinations for business vehicles on exhaust gas emissions.

The Group's air emissions performances were as follows:

Types of Air Emissions	Unit	2023	2022
Nitrogen Oxides (NOx)	Tonne	5.59	7.94
Sulphur Oxides (SOx)	Tonne	0.02	0.05
Particulate matter (PM)	Tonne	0.54	0.77

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Greenhouse Gas (“GHG”) Emissions

Greenhouse gas is considered one of the significant contributors to climate change and global warming. The primary sources of the Group’s GHG emissions are generated from diesel consumed by vehicles and project site generators (Scope 1) and purchased electricity (Scope 2). We have adopted the following measures to reduce GHG emissions during operation:

- Plan routes ahead of time to optimise fuel consumption.
- Switch off the engine whenever the vehicle is idling.
- Conduct regular vehicle maintenance to ensure optimal engine performance and fuel use.

The Group has set a target of lowering the GHG emissions intensity by 5% in 2030, using 2022 as the baseline and expects to achieve this through continuous review of the above GHG reduction measures.

Greenhouse Gas (GHG) Emissions			
Indicator ¹	Unit	2023	2022
Direct GHG Emissions (Scope 1)	tCO ₂ e	5,928.88	8,077.76
Indirect GHG Emissions (Scope 2)	tCO ₂ e	315.04	293.73
Total GHG Emissions	tCO ₂ e	6,243.92	8,371.49
GHG Emissions Intensity²	tCO ₂ e/million revenue	72.41	91.68

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs” issued by the HKEX and the Electricity Grid Emissions Factors published by EMA of Singapore.
2. The intensity data is calculated based on per S\$ million contract works revenue. The total contract works revenue of 2023 is approximately S\$86.23 million (FY2022: S\$91.31 million). The data is also used for the calculation of other intensity data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Waste Management

Hazardous Waste

Given its business nature, the Group did not generate a significant amount of hazardous waste during the Reporting Period. Even though the Group did not generate hazardous waste during the Reporting Period, the Group nevertheless has established guidelines governing the management and disposal of hazardous wastes. In case of any generation of hazardous wastes, the Group must engage a qualified chemical waste collector to handle such wastes and comply with relevant environmental rules and regulations.

Non-hazardous Waste

The non-hazardous wastes generated by the Group's business activities are mainly construction waste and paper. The Group upholds its high standards in waste reduction and is committed to handling and disposing of all wastes generated by our business activities by the principle of sustainability and the methodology of the 3R Policy ("**Reduce, Reuse and Recycle**"). Quarry dust and graded stone have been actively reused at the project construction sites. Employees in the Group have been encouraged to sort recycled wastes into appropriate containers.

At the same time, the Group has adopted the practices to reduce paper consumption at source, such as minimise paper usage at the workplace by recycling used papers regularly and using double-sided printing, recycle and reuse papers, carton boxes, envelopes and folders which have been used, including all non-confidential documents from the Group, use leftover plywood to make tables for usage on site, introduce developed recycling facility for rubbish disposal, reuse the recycled timber and PVC materials as heavy vehicle wheel choke, reuse wood, timber boards and telescopic frames for barricades as protecting the sides of excavation, consign unused cable drum to environmental-friendly scrap metal contractor for recycling, provide training on waste segregation to assigned workers.

During the Reporting Period, the Group's non-hazardous waste data was as below.

Types of Waste Disposal	Unit	2023	2022
Non-hazardous Waste			
• Construction Waste	Tonne	95,208.7	83,628.8
Non-hazardous Waste Intensity	Tonne/million revenue	1,104.13	915.85
Recycled Quarry Dust	Tonne	27,983.52	12,868.10
Recycled Graded Stone	Tonne	36,943.3	8,635.65

The Group has set a target of maintaining the non-hazardous waste intensity in 2030, using 2022 as the baseline and expects to achieve this through continuous review of the above waste reduction measures.

Sewage Discharge

Due to its business nature, the Group does not consume a significant volume of water in its daily operation. The data on water consumption and corresponding water conservation measures are described in the section headed "Water Management" under aspect A2.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A2. USE OF RESOURCES

The Group actively promotes the effective use of resources, monitors the potential impacts that its business operations bring to the environment, and instils awareness of resource conservation and environmental protection into the work and life of each employee. As stated in aspect A1, the Group has formulated relevant environmental management policies and procedures to manage water, electricity, diesel, and petrol use. The Group also focus on the management of the major energy-consuming equipment and standardises the operational flow and process to consume energy fully and effectively.

Energy Management

The Group aims to minimise the environmental impacts resulting from our operations by identifying and adopting appropriate measures. Energy policies, measures, and practices have been developed to show our commitment to energy efficiency. All employees are required to adopt such measures and practices, including purchasing energy-efficient products, and assume responsibility for the Group's overall energy efficiency.

The energy consumption of the Group was mainly contributed by the electricity consumed in operation and diesel consumed by vehicles and generators at project sites. The Group has introduced various measures and initiatives to achieve the goal of energy saving and efficient consumption. Such measures and initiatives include but not limited to install energy-efficient Light-emitting Diode ("LED") lights, replace old models of machines with high consumption of electricity, encourage employees to turn off idling equipment, computers, and lighting, utilise natural lighting and natural ventilation in the workplace and maintain room temperature at 25 degrees Celsius.

During the Reporting Period, the Group's energy consumption was as follows:

Types of Energy Consumption	Unit	2023	2022
Direct Energy Consumption			
• Diesel	MWh	23,805.74	32,522.32
Indirect Energy Consumption			
• Purchased Electricity	MWh	755.85	724.02
Total Energy Consumption	MWh	24,561.59	33,246.34
Energy Consumption Intensity	MWh/million revenue	284.84	364.09

The Group has set a target of lowering the energy consumption intensity by 5% in 2030, using 2022 as the baseline and expects to achieve this through continuous review of the above energy reduction measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water Management

The Group strives to reduce unnecessary water consumption. Any leakage and damage to the water supply facilities will be reported to the maintenance team immediately for replacement to avoid water wastage. Water saving posters are placed in the workplace to increase the employees' awareness of water conservation. The water consumption detail during the Reporting Period was as below:

Water Consumption	Unit	2023	2022
Water Consumption	m ³	47,206.40	54,976.00
Water Consumption intensity	m ³ /million revenue	547.45	602.02

Given our business nature and operating locations, the Group does not encounter any significant issues in sourcing water that is fit for purpose.

Packaging Materials

Due to its business nature, we do not consume significant amount of package materials. The use of it is not considered a material issue to the Group.

A3. THE ENVIRONMENTAL AND NATURAL RESOURCES

Although the core business of the Group has a remote impact on the environment and natural resources, the Group recognises the responsibility of minimising the negative environmental effects of our business operations to achieve sustainable development for generating long-term value for our stakeholders and the community. In adherence with the requirements of Green and Gracious Manual in line with ISO 14001:2015 standard, our project teams conduct environmental aspects and impact assessment to identify the significant environmental aspects, including emissions to air, releases to water, waste management, noise, contamination of land, use of raw materials and the natural resources, visual impact, environmental legal compliance, as well as their impacts associated with the different project stages of construction activities where appropriate before the commencement of the contract works. Relevant emergency preparedness plans and management procedures are devised to cope with the reasonably foreseeable or emergency situations during the project execution.

We regularly assess the environmental risks of our business and adopt preventive measures as necessary to reduce the risks and ensure compliance with relevant laws and regulations.

Indoor Air Quality

Indoor air quality in our workplace is regularly monitored and measured. We maintain indoor air quality by installing air purification equipment in the workplace and cleaning air-conditioning systems regularly to filter pollutants and dust. Green plants are also placed in offices to improve the overall air quality.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A4. CLIMATE CHANGE

The public's awareness regarding climate change continues to increase, and climate change is also one of the most frequently discussed topics internationally. The Group understands the importance of identifying and mitigating major climate-related issues, pays close attention to the potential impact of climate change on the Group's business and operations, and is committed to managing potential climate-related risks that may affect the Group's business activities. Our ESG Working Group regularly oversees climate-related issues and risks, ensuring our strategies incorporate these critical factors.

According to the reporting framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD), climate-related risks are divided into physical and transition risks. The Group has incorporated climate change-related risks into enterprise risk management to identify and mitigate potential risks related to climate change. The Group also formulated Company Emergency Plan to handle the below risks.

Physical Risks

The increased frequency and severity of extreme weather events such as floods, heavy rains, and rising sea level pose acute and chronic physical risks to the Group's business. The Group's capacity and productivity will be reduced under extreme weather events as the safety of our employees is threatened, and the operational sites might be damaged, which leads to a direct negative impact on the Group's revenue.

The Group has established mitigation plans to minimise potential risks and hazards, including flexible working arrangements and precautionary measures during bad or extreme weather conditions such as floods, and heavy rainfall. The Group will explore an emergency plan to further reduce the vulnerability of our installations and production site to extreme weather events to enhance business stability.

Transition Risks

To achieve the global vision of carbon neutrality, the Group expects the evolution of the regulatory, technological and market landscape due to climate change, including the tightening of national policies, the emergence of environmentally related taxes, and the shifting of customer preference to an eco-friendlier operation.

In response to the policy, legal, and reputation risks, the Group constantly monitors the updates of environmental regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to the violation of laws. In addition, the Group has been taking comprehensive environmental protection measures, including GHG reduction, carbon trading and adoption of clean energy. The Group has set targets to gradually reduce the Group's energy consumption and GHG emissions in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL

Wei Yuan believes human resource is the Group's most valuable asset and core competitive advantage and serves as the basis for the sustainable development of the Group. Therefore, the Group is committed to refining its employment policies to attract, develop and retain employees. The Group adheres to the people-oriented principle, respects and protects each employee's legitimate rights and interests and regulates labour employment management to safeguard employees' occupational health and safety.

During the Reporting Period, the Group was not aware of any material non-compliance with employment related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but not limited to labor laws and regulations in Singapore (e.g. the Employment Act, Chapter 91 of Singapore, the Employment of Foreign Manpower Act, Chapter 91A of Singapore, the Central Provident Fund Act and the Employment of Foreign Manpower (Work Passes) Regulations 2012).

B1. EMPLOYMENT

Recruitment, Promotion, and Dismissal

The Group has stipulated key human resources management practices in the Employee Handbook. The Group adheres to the principles of transparency and fairness to adopt a robust recruitment process. The Group promises to provide all candidates fair access to information and resources and adhere to a robust recruitment process. Factors such as capabilities, academic qualification, practical working requirements, functional knowledge and language proficiency are considered recruitment standards under a transparent and friendly recruitment atmosphere.

The Group offers promotion and development opportunities for outperforming employees through an open and fair assessment system to explore their capability, assist them in career development and contribute to the Group's sustainable growth. Staff performance reviews are carried out regularly to assess employees' work performance based on meritocracy, talents, and competitiveness on an open and fair basis.

The Group respects and protects the rights and interests of employees following the Employee Handbook. We have no tolerance for unfair dismissal and ensure the dismissal procedure is fair and open. The procedures and conditions of dismissal and contract termination have been formulated in the Employee Handbook. Exit interviews are required to be conducted with the resigned employees to collect opinions for any possible improvement on the Group's policies in this regard.

Working Hours and Rest Periods

The Group has specified the arrangement regarding employees' working days and hours in the Employee Contract and resists all forms of forced labour. All overtime work is on a voluntary basis and is subject to appropriate overtime compensation. The Group advocates work and life balance culture by organising activities such as sports activities, fun days and festive celebrations to inspire a healthy lifestyle and boost their wellbeing.

Apart from annual leaves, the Group has provided employees with all kinds of holidays, including statutory holidays and other paid leaves such as marriage leaves, maternity leaves, paternity leaves, compassionate leaves, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Equal Opportunity, Diversity, Anti-Discrimination

The Group is committed to creating and maintaining an inclusive and collaborative workplace culture. Wei Yuan treats employees of different nationalities, races, ages, genders, religious beliefs, and cultural backgrounds fairly and equitably and protects female employees' legitimate rights and interests. The Group has also been awarded with 2023-Age Inclusive Practices accredited by the Tripartite Alliance. The Group shall not tolerate any forms of discrimination and harassment in work and is committed to preventing it. We let employees equally enjoy their legal rights to labour remuneration, rest and leave, access to labour safety and health protection, social insurance, welfare, etc.

The Group is devoted to building a diversified working team. Anyone who is intimidated, humiliated, bullied, or harassed, including sexual harassment, may report to the employee's representative or file complaints directly to the management representative or the general manager, and we will take serious approaches to resolve the issues upon receiving the said complaints.

Remuneration and Benefits

The Group has established a fair, reasonable, competitive employee remuneration system. All qualified employees are entitled to competitive wages and comprehensive insurance coverage. The Group also pays Central Provident Fund for employees in Singapore. The Group reviews the remuneration packages annually to ensure they meet the market standards to attract and retain talent. The Group offers its employees comprehensive health care coverage, including medical and dental benefits. The Group has also been awarded with the Progressive Wage Mark accredited by the Singapore Business Federation.

Due to our project complexity and time constraint, the Group also employs foreign workers from neighboring Asian countries sourced through referral, references, and recommendations to sustain our operation efficiency and on-time project delivery. The Group provides medical insurance, housing and insurance for security bonds for each non-Malaysian foreign workers and levies pursuant to relevant Singapore laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of 31 December 2023, the Group had a total of 634 employees. The employee breakdown and employee turnover rate are as follows:

Employee Size Breakdown	2023	2022
Total Number of Employees	634	618
By Gender		
Male	589	577
Female	45	41
By Age		
Below 30	154	150
30-50	384	377
51 or above	96	91
By Employment Type		
Full-time	633	618
Part-time	1	0
By Geographic Region		
Singapore	633	618
China	1	0

During the Reporting Period, the Group's overall employee turnover rate was approximately 21.61%.

Employment Turnover Rate	2023	2022
By Gender		
Male	22.4%	23.4%
Female	11.1%	24.4%
By Age Group		
Below 30	29.9%	42.0%
30-50	22.1%	19.1%
51 or above	6.3%	11.0%
By Geographical region		
Singapore	21.6%	23.5%
China	0%	N/A

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B2. HEALTH AND SAFETY

The Group recognises the importance of providing a healthy and safe work environment and cares deeply about our employees' well-being and comfort. To achieve zero-accident in the workplace, the Group has a quality, environmental, health and safety policy in place and implemented an occupational health and safety ("OHS") management system accredited with Singapore Accredited Council (SAC) ISO 45001:2018 standard and BizSAFE Partner accreditation. This system enables us to determine, control and mitigate the related safety hazards and risks to a safe minimum working level in our daily construction works in an orderly manner and proactively formulate corresponding safety measures to minimize the safety incidents and injuries. The Group has also been awarded with the HR Stars -Best Workplace Culture and Environment (Finalist) accredited by the Chief of Staff Asia. The Group has formulated the relevant safe work procedures and set out clear terms for project management approaches in aspects of (i) occupational impact/risk management; (ii) communication, participation and consultation; (iii) emergency preparedness and response; (iv) compliance obligations (including legal compliance and contract obligations); and (v) accident/incident investigation, reporting and gap analysis to minimize the safety risk exposure to our workers and prevent foreseeable safety incidents and injuries.

The Group has designated a Risk Management & Health & Safety Committee to regularly conduct safety inspections along with top management. The findings will be communicated and reflected in the safety committee meeting. Relevant safety procedures, working instructions, machines and equipment maintenance safety guidelines, in-house safety rules and suitable personal protective equipment provisions have been implemented and updated to ensure the safety and health of our employees during their daily operations.

Creating a safe working environment requires substantial collaboration with all employees. The Group provides compulsory pre-job safety and health induction to new hirers to raise employees' safety awareness. Internal OHS training courses on specific topics are also offered to all employees regularly to convey information relating to health and safety to its employees. The Group offers its employees comprehensive health care coverage, including medical and dental benefits. The Group has also continued to organise work-life balancing activities for employees and other activities to promote healthy living practices. The Group also conveys information relating to health and safety to its employees to raise their awareness of occupational health and safety.

In response to the COVID-19 pandemic, the Group has complied with government public health and safety measures and promptly implemented new prevention, such as making remote work arrangements and distributing adequate masks and hand sanitiser in the offices. All personnel entering the Group's premises must abide to the safe management measures to prevent the potential spread of the virus. Clear guidelines are also in place to respond to situations where employees or their family members are found to have contracted the virus.

The Group has achieved zero work-related fatalities for 3 consecutive years (including the Reporting Period). During the Reporting Period, the Group has complied with all the relevant health and safety mandatory requirements and best industry practices including but not limited to the Workplace Safety and Health Act, the Work Injury Compensation Act, the Workplace Safety and Health (Risk Management) Regulations, Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009, and the Workplace Safety and Health (Construction) Regulations 2007.

Indicators	2023	2022	2021
Number of work-related fatalities (No.)	0	0	0
Lost days due to work injury (Days)	0	33.5	195

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has also been awarded with bizSafe Star Level (Certification) accredited by the Workplace Safety and Health Council in Singapore since 2011. We will continue to devote our efforts by investing adequate resources and manpower to enhance the overall safety management at sites.

B3. DEVELOPMENT AND TRAINING

The Group regards its employees as the most important resource. The Group is committed to inspiring its human capital towards excellence and strives to create an intellectually stimulating environment within which employees develop basic skills and knowledge and specific talents and abilities.

The Group aims to meet employees' different needs through various training modes, such as induction and on-the-job training, to improve their expertise and support their competency. All new hires are offered to join an orientation training programme, which covers the topics of the Group's business profile and organisation, employees' welfare, and obligations, and OHS knowledge. The Group regularly provides regular internal on-the-job training with an assessment of all existing employees at different levels or departments to suit the operation needs. According to the Group's Training Management Procedure, based on employees' positions and career levels, the Group tailor-made an annual training programme for staff skills and knowledge advancement and regularly adjusts and improvements for further training opportunities where necessary.

The Group will draft the training plan for the following year according to business requirements at the end of each year. The Group will also evaluate the effectiveness of training courses based on training requirements and training's target audience. Evaluation results may be considered as part of the employee performance assessment results. The Group will constantly improve the quality of trainings through the employees' evaluation of trainers, effectiveness, and structure. To encourage lifelong learning, the Group offers financial subsidies to eligible employees and attends external training courses to pursue professional development.

Safety Training

The Group offers induction safety training to all the site employees and workers during orientation, and relevant training and knowledge sharing (e.g. safety tool-box meetings, in-house briefings, and incident sharing sessions) in respect of risks associated with construction works. This aims to raise the worker awareness on accident prevention, the peer and situational awareness safety in response to different occupational safety risks. The following are the key awareness training, enhancement programs and best industrial practices adopted in our construction sites:

- Safety tool-box meetings and in-house quizzes
- Job safety analysis briefing
- "30/30/30 observation technique"
- "3/3/3 lifting technique"
- Unannounced Safety Audits By Top Management
- First day induction safety course
- "Safety Recognition Awards" with certificate and voucher for nomination of workers with best safety Performance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group has organised internal and external training courses for employees. Such training courses cover topics including but not limited to industrial updates, compliance matters, occupational health, and safety, etc. During the Reporting Period, the Group has conducted a total of approximately 11,672.5 hours of training, with the average training hour being about 18.41 hours per trained employee.

The training data categorized by gender and employee category during the Reporting Period were as follows:

Employee Training Details	Percentage of employee trained (%)	Average Training Hours (Hours)
By gender		
Male	82.68	19.05
Female	57.78	10.04
By employment category		
Senior Management	62.5	3.75
Middle Management	45.1	10.24
General Staff	84.35	19.34

*Note: Training data included training received by employee who has already left the Group during the Reporting Period.

B4. LABOUR STANDARDS

The Group respects human rights and prohibits using child labour and forced labour in its operations. During the recruitment, personal data are collected during the recruitment process to assist in selecting suitable candidates. Our human resources department validates a list of recruitment documents, including but not limited to, the copy of work pass issued by the Ministry of Manpower of Singapore, the work pass application form and the copy of Passport, Entry and Re-entry Permit (for Non-Singaporeans), with the successful candidates to make sure our recruitment is in compliance with the relevant Singapore laws and regulations and no child and/or illegitimate foreign workers are employed. If any child or forced labour is discovered, the Group will immediately stop all the work of the identified child or forced labour and offer medical checks and treatment where appropriate. An investigation will be carried out to find out the root cause of child or forced labour employment and revise the employment management procedure whenever possible to plug the loophole.

In addition, the employment contract specifies the employee's working hours, location, and primary work duties to avoid executing work outside their terms of reference. All employees can exercise their freedom to decide their careers and terminate employment with proper notifications or pay in lieu of notice. The Group also ensures its staff works consensually, including overtime work, disapproves of any forced labour behaviour in the workplace, and protects their freedom and rights of association and collective bargaining.

Any punishments, management methods and behaviours involving verbal abuse, oppression and sexual harassment against employees are prohibited for any reason. Anyone who violates the regulations will be subject to dismissal or termination of the probationary period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Group requests its suppliers maintain the same labour standards when conducting business with the Group. Regular assessments will be carried out to evaluate whether the suppliers meet the abovementioned labour requirements. The Group will refuse to have business partnerships with suppliers who violate labour standards.

During the Reporting Period, the Group was not aware of any material noncompliance with child and forced labour-related laws and regulations that would have a significant impact on the Group.

B5. SUPPLY CHAIN MANAGEMENT

The Group treats every supplier as a vital business partner. According to our Supplier Code of Business Conduct, we specify its commercial, environmental, and social requirements on suppliers, which include legal compliance, human rights, child labour, environmental protection, health and safety, etc. The Group evaluates all suppliers every year. All suppliers are required to complete a self-assessment survey of Corporate Social Responsibility (“**CSR**”) performance. The Group’s procurement team evaluates the assessment annually to identify environmental and social risks along the supply chain.

Regular performance assessments with all suppliers, including on-site inspections, are implemented to monitor and evaluate their continuous performances to ensure suppliers’ performance meet required standards; when any non-conformities are identified by the Group based on the assessment findings, the Group will issue related areas-for-improvement reports to the suppliers and request rectifications or taking corrective actions for improvement under the grace period. Those suppliers who consecutively failed to fulfil the requirements will contribute to the disqualification from the Group’s approved supplier list.

New suppliers are required to fill in the pre-qualified questionnaire to reveal their competency in the following areas: (1) Production capability; (2) Management of quality assurance, safety, and environmental compliance; (3) Partnerships; (4) Process on materials procurement; and (5) Practices on corporate social responsibility for our assessment. Only those suppliers fulfilling all the above requirements can be qualified as approved suppliers.

The Group also considers anti-corruption as a vital issue throughout the procurement process. The Group conducts procurement in an open, fair, and equitable manner without any discrimination or special treatment against any suppliers. Employees and related personnel interested in the suppliers are prohibited from participating in relevant procurement activities. The Group stresses the integrity of its suppliers heavily. It will only select suppliers who have a good track record in the past and have no severe violations of business ethics. The Group has zero tolerance for acts of bribery and corruption and strictly prohibits suppliers from acquiring procurement contracts or partnerships through any form of benefit transmission or gift.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green Procurement

The Group is committed to having local sourcing to carry out sustainable development into the Group's operating model. During the procurement process, the Group prioritises local suppliers and environmentally friendly products and services, hoping to reduce the carbon footprint caused by procurement via local procurement while supporting local economic development and creating employment opportunities for local communities. Factors including the products' life cycle, the raw materials, sub-assemblies and parts are taken into consideration to ensure that they are eco-friendly and hazardous substance free during installation, use or upon disposal for manufacture.

Vendors are required to provide proof (e.g. laboratory testing reports and product specifications etc.) or evidence showing the supplies are all in compliance with the national regulations and international industry standards such as Waste Electrical and Electronic Equipment ("WEEE"), Restriction of Hazardous Substances ("RoHS") and Registration Evaluation Authorisation and Restriction of Chemicals ("REACH").

In addition to environmental factors, the Group will also adopt measures to monitor whether its suppliers or contractors comply with relevant laws and regulations or meet other standards in terms of health, safety, forced labour and child labour, etc. and visit suppliers' operating locations if possible, to ensure that suppliers can meet all aspects of the standards, and as a consideration when evaluating suppliers.

Through the above practices, the Group aims to reduce its environmental and social risks throughout the supply chain and build a sustainable relationship with our business partners. The Group's supplier information was as below. During the Reporting Period, the Group had 166 suppliers, over 90% were locally based in Singapore.

Location of Suppliers	Number	%
Singapore	151	91
Malaysia	9	5
China	6	4
Total	166	100

B6. PRODUCT RESPONSIBILITY

Responsible corporate practices are the key to business resilience. The Group believes quality engineering services are crucial to building stable and healthy customer relationships. To achieve this objective, the Group has obtained bizSAFE Level Star (Certification) since 2011 and implemented a quality management system accredited with ISO 9001:2015 standard in our operation to consistently deliver the construction services with excellent quality.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations in relation to the quality of products and services provided that would have a significant impact on the Group. Such laws and regulations include but not limited to Building Control Act, Chapter 29 of Singapore, Building and Construction Industry Security of Payment Act and the Personal Data Protection Act. The Group did not aware of any litigation case of all the relevant laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Customer Service

To enhance customer satisfaction, the Group solicits customer feedback through an annual customer satisfaction survey to understand their needs and expectations. Based on the survey results and the comments or suggestions from respondents, a customer satisfaction analysis report is prepared to identify root causes and address customer needs.

The Group has established different complaint and feedback channels, such as customer opinion cards, hotlines, social media platforms, email, and websites to collect customers' opinions and suggestions. The Group has also set up a complaints-related function for handling complaints through our Customer Complaint Handling Procedure, for which it is responsible for explaining the complaint procedures to complainants, conduct a detailed analysis of root causes, carry out in-depth fact investigations, actively monitor and managing complaint procedures, coordinating, and communicating with all parties involved, accurately record all relevant results confidentially, and properly reply to complainants.

The Group requires each complaint to be dealt with and reported properly by the Marketing Department and prohibits employees to reach a private settlement with complainants to ensure that the Group can accurately receive feedback from customers, which they serve as an important basis for improving the quality of business operations. It is expected to reply to the complainants within three working days per the Group's performance pledge. The Group considers customer complaint management an important element of continuous quality improvement. During the Reporting Period, no products and services-related complaints were received and the Group have not received any request for product recall from its customers due to safety and health reasons.

Data Privacy and Protection

All the assets and information can only be accessed and handled by the Group's authorised personnel for operational purposes, and staff members are forbidden to copy, transfer and disclose any information, particularly intellectual property and customers' personal data, to any third parties without prior consent from the customers.

Protection of Intellectual Property Rights

The Group consults legal advice from solicitors for drafting patent licence agreements or service contracts to prevent any infringement of intellectual property rights (i.e., trademarks, patents and designs). Regarding intellectual property protection, the Group stipulates that when cooperation with an external organisation, the terms of the contract shall be set to ensure that products or services provided by the partner are free from infringement of any intellectual property right. In addition, the Group avoids infringing the intellectual property rights of other companies and individuals and conducts regular research and tracking of patent information of its peers. There is no infringement on intellectual property rights during the Reporting Period.

B7. ANTI-CORRUPTION

The Group believes that a corporate culture of high integrity is the key to its continuing success. We forbid any form of corruption in daily operations, including bribery, extortion, fraud, and money laundering. The Code of Conduct stipulates the daily behaviours of employees. It specifies that employees must not engage in acts or activities revolving around conflicts of interest, receive or accept any benefits, or misuse of official positions. The Group strives to achieve a high standard of ethics in our business operations. Employees are prohibited from offering or asking for any forms of benefits such as gifts, coupons and money for any advantages and favours in the business and consult the management if they suspect any professional misconduct.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-Corruption Training

To further strengthen employees' working ethics, anti-corruption training is provided to identify proper actions and prevent unnecessary misunderstandings. Not only general staff, but also Directors and senior management are trained to ensure their professionalism and the culture of the Group. During the Reporting Period, all directors received anti-corruption training where all participants shared the investigation experience of anti-corruption, internal control, and business ethics.

Whistle-blowing Policy

The Group has established a transparent whistle-blowing mechanism for reporting any potential fraudulent cases or reasonably suspected corruption to relevant departments. Designated Committee is formed to handle the investigation and resolution of the cases to ensure the independence and reliability of the investigation results. All reported cases will be handled confidentially to protect the identity of the whistle-blower and his/her privacy. They will not be subjected to unfair dismissal or unreasonable disciplinary action and protect other legal rights of the whistle-blowers. The whistle-blower will receive the result of the investigation within reasonable time. If the person was suspected of violating any laws in corruption or participating in other unlawful activities upon the internal investigation, the cases would be further handed over to the relevant justice authorities for relevant legal actions.

During the Reporting Period, the Group confirmed that no concluded legal cases regarding corrupt practices were brought against the Group and the employees. The Group was not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Prevention of Corruption Act of Singapore.

B8. COMMUNITY INVESTMENT

In pursuit of business development, the Group spares no effort in contributing to the community to demonstrate its corporate citizenship. The Group strives to nurture a corporate citizen's corporate culture and practices in daily work life. The Group hopes to foster employees' sense of social responsibility, thus encouraging them to participate in charitable activities during their work and spare time to make greater contributions to the community.

During the Reporting Period, the Group encouraged employees to actively participate in community volunteer activities, contributing a total of 18 hours of volunteer service. Additionally, the Group demonstrated its commitment to support education and cultural community development through various sponsorships as below:

Events	Community partner
Approximately S\$15,000 of the Singapore Charity Golf 2023	SP GROUP
Approximately S\$2,000 of the educational event of SGF Movie Charity 2023	ST Gabriel's Foundation (SGF)
The Group has donated household appliances and to clean 10 units of flats to improve the homes of the less fortune	South West Community Development Council
Cash Donation of S\$2,000 for underprivileged and children in need	Life Community Services Society
Cash Donation of S\$2,000 for Turkey Syria Earthquake Victims	Singapore Red Cross Society

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions — Air Emissions
KPI A1.2	GHG emissions in total (in tonnes) and intensity	Emissions — GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity	Emissions — Waste Management (Not applicable — Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.5	Description of reduction initiatives and results achieved.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Use of Resources — Energy Management
KPI A2.2	Water consumption in total and intensity	Use of Resources — Water Management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Use of Resources — Water Management (Not applicable — Explained)
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced	Use of Resources — Use of Packaging Materials (Not applicable — Explained)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		
	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Indoor Air Quality
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change — Physical Risks, Transitional Risks
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment
KPI B1.2	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		
	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management — Green Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management — Green Procurement

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		
Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility — Customer Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility — Data Privacy and Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption — Whistleblowing Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS



Moore CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大
華
馬
施
雲
會
計
師
事
務
所
有
限
公
司

To the shareholders of Wei Yuan Holdings Limited
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wei Yuan Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 72 to 156, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board 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 the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“**IESBA Code**”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS *(continued)*

The key audit matters identified in our audit are revenue recognition from construction contracts and impairment assessment of trade receivables and contract assets.

Key audit matter

How our audit addressed the key audit matter

Revenue recognition from construction contracts

Refer to Notes 3.16 and 7 to the consolidated financial statements

For the year ended 31 December 2023, the Group recognised revenue from construction contracts amounting to S\$96,595,000.

The recognition of revenue for the Group's construction contracts is based on the progress of contract activities by reference to the inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation at the end of the reporting period.

The recognition of revenue and direct costs related to the contract work relies on the management's estimation of the progress and outcome of the projects, which is on the basis of agreements, quotations or other correspondences from time to time provided by the major contractors or suppliers involved and the experience of the management. As to keep the budget accurate and up to date, the management conducted periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred and the profitability assessment of on-going construction contracts.

We focused on this area due to the significant judgement and estimates involved in determining the total contract revenue, budgeted costs and progress of the related contract work.

We performed the following procedures in assessing management's estimates of the total contract revenue, budgeted costs and progress of the related contract work:

- a. We understood, evaluated and tested management's key internal controls that are present for the Group's budgeting process and cost accumulation process for construction projects;
- b. We inspected, on a sampling basis, the signed contracts, variation orders and payment certificates and other correspondences with the customers to assess the reasonableness of the management's estimate on total contract sum;
- c. We discussed with project managers the status of the projects, to identify any variation and claims for selected projects on a sampling basis and obtained explanations for fluctuations in margins. We obtained corroborative evidence by inspecting minutes of management's regular internal meetings and correspondences with customers, as appropriate;

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS *(continued)*

Key audit matter

*Revenue recognition from construction contracts
(continued)*

How our audit addressed the key audit matter

- d. We evaluated, on a sampling basis, the accuracy of direct costs recognised to date by checking to the supplier invoices and delivery notes of construction material consumed, invoices or payment application from sub-contractors, payroll records on staff costs or other supporting documents to evaluate the progress of respective projects;
- e. We recalculated the estimate of the progress of contract work based on the latest budgeted costs and total actual costs incurred;
- f. We assessed the reliability of the approved budgets by comparing the actual outcome against the management's estimation of completed construction contracts, on a sample basis;
- g. We checked the mathematical accuracy of the calculation of contract revenue based on the estimate of the progress of contract work; and
- h. We evaluated reasonableness of percentage of completion of construction contracts in progress by comparing the percentage calculated based on the costs incurred at the end of reporting period against that calculated based on external surveyors' certification, on a sampling basis, and investigate any significant differences identified.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

AUDIT MATTERS *(continued)*

Key audit matter

Impairment assessment of trade receivables and contract assets

Refer to Notes 3.7.4, 20 and 21 to the consolidated financial statements

As at 31 December 2023, the Group's net trade receivables and contract assets amounted to approximately S\$7,846,000 and S\$46,809,000 respectively, representing approximately 7.2% and 42.8% of the total assets of the Group respectively. The Group's aggregate lifetime expected credit loss ("ECL") on trade receivables and contract assets as at 31 December 2023 amounted to approximately S\$142,000 and S\$99,000, respectively.

The management of the Company performed periodic assessment on the recoverability of the trade receivables and contract assets and the sufficiency of the allowance for ECL.

Management's estimate of the amount of loss allowance for trade receivables and contract assets was based on the credit risk of respective trade receivables and contract assets after considering the credit profile of respective customers, ageing analysis, historical settlement records, and on-going trading relationship with the relevant customers. The management also considered the forward-looking information that may impact the customers' ability to repay the outstanding balances.

We focused on this area due to the significant judgement and estimates involved in the management's assessment of the recoverability of the customers.

How our audit addressed the key audit matter

We performed the following procedures in assessing management's impairment assessment of trade receivables and contract assets:

- a. We understood, evaluated and tested management's key internal control and procedures for managing, monitoring the billing and collection process and assessing the recoverability of trade receivables and contract assets;
- b. We obtained the ageing analysis of trade receivables and contract assets and discussed with the management about their evaluation of the background, financial capability of the debtors, evaluation of the impact of disputes with customers and any unforeseen delay of the construction projects and their credit assessment that the amounts were recoverable;
- c. We tested the integrity of information used to develop the provision matrix, including ageing analysis of trade receivables and contract assets, on a sampling basis, to the underlying financial records and post year end settlements;
- d. We inquired the management for (i) the status of each of the material trade receivables past due as at the year end and (ii) the billing status of each of material contract assets, and corroborated explanations from the management with supporting evidence;

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

AUDIT MATTERS *(continued)*

Key audit matter

Impairment assessment of trade receivables and contract assets (continued)

How our audit addressed the key audit matter

- e. We assessed the appropriateness of the provisioning methodology and challenged the management's basis and judgement in determining credit loss allowance on trade receivables and contract assets as the reporting date, including the reasonableness of grouping in the provision matrix, the basis of estimation of loss rates for debtors and forward-looking information, especially the market data with particular focus on the impact of the pandemic;
- f. We tested the accuracy and completeness of key data used by the management to determine the ECL, on a sampling basis; and
- g. We evaluated the adequacy and appropriateness of disclosures regarding the impairment assessment of trade receivables and contract assets in the consolidated financial statements.

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 of the Group and the financial statements of the Company and our auditor's reports 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.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

RESPONSIBILITIES OF DIRECTORS AND THE 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 of the Company.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

- 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.

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 threat 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.

Moore CPA Limited
Certified Public Accountants

Leung Yu Ngong
Practising Certificate Number: P06734
Hong Kong, 27 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 S\$'000	2022 S\$'000
Revenue	7	101,575	102,725
Cost of sales		(87,097)	(90,527)
Gross profit		14,478	12,198
Other income and other gains, net	8	798	2,041
Administrative expenses		(9,642)	(9,757)
Reversal of impairment of trade receivables, deposits and contract assets, net	20-22	182	656
Operating profit	9	5,816	5,138
Finance income	11	82	24
Finance costs	11	(1,598)	(1,251)
Share of loss of joint ventures, net of tax	17	(729)	(179)
Impairment of investment in a joint venture	17	(1,050)	–
Profit before income tax		2,521	3,732
Income tax expense	12	(1,175)	(1,059)
Profit for the year		1,346	2,673
Profit for the year attributable to:			
Equity holders of the Company		768	2,173
Non-controlling interests		578	500
		1,346	2,673
Other comprehensive income/(loss):			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		(4)	16
Share of other comprehensive income/(loss) of a joint venture	17	88	(282)
Other comprehensive income/(loss) for the year, net of tax		84	(266)
Total comprehensive income for the year attributable to:			
Equity holders of the Company		852	1,907
Non-controlling interests	30	578	500
		1,430	2,407
Earnings per share (expressed in Singapore cents per share)			
Basic and diluted	13	0.07	0.20

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 S\$'000	2022 S\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	21,352	22,885
Right-of-use assets	26	3,116	3,467
Investment properties	15	2,290	2,265
Investments in joint ventures	17	1,932	3,623
Other financial assets	18	89	88
Deferred income tax assets	28	9	49
		28,788	32,377
Current assets			
Inventories	19	1,122	1,135
Trade receivables	20	7,846	8,216
Contract assets	21	46,809	49,951
Deposits, prepayments and other receivables	22	2,282	2,430
Pledged bank deposits	23	3,503	1,469
Cash at banks and on hand	23	18,967	16,864
		80,529	80,065
Current liabilities			
Trade and retention payables	24	12,541	14,833
Accruals, other payables and provisions	25	5,912	4,574
Contract liabilities	21	329	550
Current income tax liabilities		1,036	977
Bank and other borrowings	27	26,778	29,623
Lease liabilities	26	695	522
		47,291	51,079
Net current assets		33,238	28,986
Total assets less current liabilities		62,026	61,363

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 S\$'000	2022 S\$'000
Non-current liabilities			
Deferred income tax liabilities	28	272	131
Bank and other borrowings	27	2,169	2,424
Lease liabilities	26	2,584	3,071
Provisions	25	704	645
		5,729	6,271
Net assets			
		56,297	55,092
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	1,915	1,915
Share premium		15,475	15,475
Revaluation reserve		586	586
Other reserve		10,413	10,413
Exchange reserve		85	1
Retained earnings		24,904	24,136
		53,378	52,526
Non-controlling interests	30	2,919	2,566
Total equity			
		56,297	55,092

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 72 to 156 were approved and authorised for issue by the Board of Directors on 27 March 2024 and are signed on its behalf by:

Mr. Ng Tian Soo
Director

Mr. Ng Tian Fah
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity holders of the Company								
	Share capital	Share premium	Revaluation reserve	Other reserve (Note(i))	Exchange reserve	Retained earnings	Total	Non-Controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2022	1,915	15,475	586	10,413	267	21,963	50,619	2,291	52,910
Profit for the year	-	-	-	-	-	2,173	2,173	500	2,673
Exchange difference arising on translation	-	-	-	-	16	-	16	-	16
Share of other comprehensive loss of a joint venture, net of tax	-	-	-	-	(282)	-	(282)	-	(282)
Total comprehensive income for the year	1,915	15,475	586	10,413	1	24,136	52,526	2,791	55,317
Dividend paid (Note (ii))	-	-	-	-	-	-	-	(225)	(225)
At 31 December 2022 and 1 January 2023	1,915	15,475	586	10,413	1	24,136	52,526	2,566	55,092
Profit for the year	-	-	-	-	-	768	768	578	1,346
Exchange difference arising on translation	-	-	-	-	(4)	-	(4)	-	(4)
Share of other comprehensive income of a joint venture, net of tax	-	-	-	-	88	-	88	-	88
Total comprehensive income for the year	1,915	15,475	586	10,413	85	24,904	53,378	3,144	56,522
Dividend declared (Note (iii))	-	-	-	-	-	-	-	(225)	(225)
At 31 December 2023	1,915	15,475	586	10,413	85	24,904	53,378	2,919	56,297

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes:

- (i) Other reserve comprised of (i) the difference between issued share capital of the Company issued during the group reorganisation ("Reorganisation") for the listing of the Company, and the aggregate value of the respective share capital/paid-in capital of the companies comprising the Group before the Reorganisation; and (ii) the difference between the nominal value of share capital of subsidiaries acquired by the Group in prior years and the consideration paid to the shareholders of those subsidiaries.
- (ii) On 29 December 2022, Road Builders Singapore Pte. Ltd., a partially-owned subsidiary of the Company declared a dividend of S\$225,000 to its non-controlling shareholders, Mr. Ng Choon Tiong and Mr. Ng Choon Hoe, the amount was settled on 30 December 2022 for the distribution of the profit of the partially-owned subsidiary.
- (iii) On 21 December 2023, Road Builders Singapore Pte. Ltd., a partially-owned subsidiary of the Company declared a dividend of S\$225,000 to its non-controlling shareholders, Mr. Ng Choon Tiong and Mr. Ng Choon Hoe, the amount was settled on 2 January 2024 for the distribution of the profit of the partially-owned subsidiary.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 S\$'000	2022 S\$'000
Cash flows from operating activities			
Net cash generated from operations	33(a)	14,525	17,280
Income tax paid		(935)	(569)
Interest received		82	24
Net cash generated from operating activities		13,672	16,735
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	33(b)	349	249
Purchase of property, plant and equipment		(1,925)	(2,447)
Changes in pledged bank deposits		(2,034)	(913)
Net cash used in investing activities		(3,610)	(3,111)
Cash flows from financing activities			
Interest paid		(1,575)	(1,229)
Dividend paid		–	(225)
Proceeds from bank borrowings	33(c)	21,972	39,085
Repayments of bank and other borrowings	33(c)	(27,399)	(47,153)
Repayments of obligations under leases	33(c)	(955)	(677)
Net cash used in financing activities		(7,957)	(10,199)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		16,864	13,459
Exchange difference for bank balance not denominated in S\$		(2)	(20)
Cash and cash equivalents at end of the year		18,967	16,864
Analysis of the balances of cash and cash equivalents			
Cash at banks and on hand	23	18,967	16,864

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL

The Company was incorporated in the Cayman Islands on 15 May 2019 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. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is 37 Kranji Link, Singapore 728643.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”) by way of public offer of the shares on 12 March 2020.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in carrying out civil engineering projects in Singapore. The ultimate holding company of the Company is WG International (BVI) Limited (“**WGI BVI**”), a company incorporated in the British Virgin Islands and the ultimate controlling parties of the Group are Mr. Ng Tian Soo (“**NTS**”), Mr. Ng Tian Kew (“**NTK**”), Mr. Ng Tian Fah (“**NTF**”), and Ms. Ng Mei Lian (“**NML**”) (collectively, the “**Controlling Shareholders**”).

2. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which collective term includes all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (the “**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) (“**HKCO**”). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements are presented in Singapore dollars (“**S\$**”). All values are rounded to the nearest thousand except when otherwise indicated. The directors of the Company considered Hong Kong dollars (“**HK\$**”) is the functional currency of the Company since the business transactions, in terms of operating, investing and financing activities of the Company itself are mainly denominated in HK\$.

The preparation of the consolidated financial statements in conformity with IFRSs 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. BASIS OF PRESENTATION *(continued)*

Adoption of new or amendments to IFRSs

In the current year, the Group has adopted for the first time the following new or amendments to IFRSs issued by IASB, which are relevant and mandatorily effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2023:

IFRS 17 (including the October 2020 and February 2022 Amendments to 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 adoption of the above new or amendments to IFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in these consolidated financial statements except for the following:

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in this Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. BASIS OF PRESENTATION *(continued)*

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Amendments to IFRSs not yet effective

The following are amendments to IFRSs that have been issued, but are not yet effective and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
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 IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

* On 17 December 2015, the IASB issued "Effective Date of Amendments to IFRS 10 and IAS 28". This update defers the effective date of the amendments in "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" that the IASB issued in September 2014. Early application of these amendments continues to be permitted.

The Group has already commenced an assessment of the related impact to the Group of the above amendments that are relevant to the Group upon initial adoption. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial position and financial performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Subsidiaries

Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has 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.

Investments in subsidiaries

Investments in subsidiaries (included in Note 37) are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends 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.

3.2 Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in joint venture are accounted for using equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the equity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Joint ventures *(continued)*

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the investment in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the policy described in Note 3.6.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the companies comprising the Group are measured using the currency of the primary economic environment in which these companies operate (the "**functional currency**"). The functional currency of the Company is Hong Kong Dollars (HK\$) as its key activities and transactions, in terms of operating, investing and financing activities of the Company are denominated in HK\$. However, the country of incorporation and principal place of business of the Group's major operating entities are in Singapore. The Group's Singapore subsidiaries and consolidated affiliated entities determined their functional currency to be S\$.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange; and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

3.4 Property, plant and equipment

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives. The annual rates used for this purpose are:

Freehold properties	50 years
Properties with land leases	Over the remaining lease term of the leasehold land
Computers, office equipment and furniture and fittings	1 to 5 years
Motor vehicles	1 to 10 years
Plant and machinery	1 to 5 years
Renovation	Over remaining of lease term

The assets' 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 (Note 3.6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.5 Investment properties

Investment properties include those properties that are held for long-term rental yields and/or for capital appreciation or for a currently-undetermined use.

Investment properties are initially recognised at cost, including related transaction cost and where applicable borrowing costs.

After initial recognition, investment properties are subsequently carried at fair value, representing open market value determined annually by independent professional valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recognised within "Other income and other gains, net" in the consolidated statement of comprehensive income.

3.6 Impairment of non-financial assets

Non-financial 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 flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.7 Financial assets

3.7.1 Classification

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

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

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The credit terms granted to third-party customers other than retention sum for contract works is generally 30 to 45 days and therefore trade receivables are all classified as current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.7 Financial assets *(continued)*

3.7.2 Recognition and derecognition

Regular way purchases and sales of financial investments and other 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 the risks and rewards of ownership.

3.7.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value except for trade debtors arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately 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. Interest income from these financial assets is included in "other income and other gains, net" using the effective interest rate method. Debt instruments are presented as "Trade receivables", "Deposits and other receivables", "Cash at bank and on hand", and "Pledged bank deposits" on the consolidated statement of financial position.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.7 Financial assets *(continued)*

3.7.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. Expected credit losses (“**ECL**”) 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. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of, a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in external credit rating of the debtors;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors’ ability to meet their obligations;
- actual or expected significant changes in the operating results of the debtors;
- significant increases in credit risk on other financial instruments of the same debtor; and
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors and changes in the operating results of the debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.7 Financial assets *(continued)*

3.7.4 Impairment *(continued)*

Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 4.2(c) details how the Group determines whether there has been a significant increase in credit risk.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.7 Financial assets *(continued)*

3.7.4 Impairment *(continued)*

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the basis:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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 ECL on trade receivables and contract assets are assessed individually for debtors with significant balances and collectively for other debtors based on the Group's internal credit rating, historical credit loss experience and expected settlement dates, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.7 Financial assets *(continued)*

3.7.4 Impairment *(continued)*

Measurement and recognition of ECL (continued)

At every reporting date, the estimated default rates are reassessed and changes in the forward-looking estimates are considered.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-m ECL at the current reporting date.

ECL is measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3.7.5 Financial assets at FVTPL

The Group's financial assets measured at FVTPL include key management insurance policy.

The Group acquired a key management insurance contract, which includes both investment and insurance elements. The insurance contract is initially recognised at the amount of the premium paid, and subsequently measured at each balance date at its cash surrender value. Changes to the cash surrender value at balance date will be recognised in profit or loss as a changes in cash surrender value of key management insurance contracts. In the event of death of the insured person, the surrender of the policies, or upon maturity of the policies, the investment will be de-recognised and any resulting gains/losses will be recognised in profit or loss.

3.7.6 Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.7 Financial assets *(continued)*

3.7.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("FIFO") method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.9 Cash at banks and on hand

In the consolidated statements of cash flows, cash at banks and on hand include cash on hand, deposits held with banks which are subject to an insignificant risk of change in value and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within bank and other borrowings in current liabilities.

3.10 Trade and retention payables, accruals and other payables

Trade and retention payables, accruals and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and retention 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 retention payables, accruals and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The Group derecognises these financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.11 Bank and other borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 end of the reporting period.

3.12 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

3.13 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, 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 the statement of financial position date in the countries where the companies comprising the Group operate and generate 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.13 Current and deferred income tax *(continued)*

(b) Deferred income tax

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. Deferred income tax is also 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 the statement of financial position date 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.

Deferred income tax liabilities and assets are not recognised for temporary difference between the carrying amount and tax bases 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 taxes 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.

3.14 Employee benefits

Employee benefits are recognised as an expense in profit or loss, unless the cost qualifies to be capitalised as an asset.

(a) Pension obligations

A defined contribution plan is the pension plan of Central Provident Fund (“CPF”) scheme in Singapore under which the Group pays fixed contributions into separate entities. These contributions are recognised as an expense in the period in which the related service is performed. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.14 Employee benefits *(continued)*

(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 entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date and recognised in accordance with Note 3.15.

3.15 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 any one 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 discount 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 finance costs.

3.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for rendering of services in the ordinary course of the Group's activities.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.16 Revenue recognition *(continued)*

Control of good or service is transferred over time if the Group's performance:

- Provides all of the benefits received and consumed simultaneously by the customer;
- Creates or enhances an asset that the customer controls as the Group performs; or
- Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service. Specific criteria where revenue is recognised are described below.

(a) Revenue from contract works

The Group is both a main contractor and a subcontractor which specialises in the provision of services on utility infrastructure work that includes power cable, fibre optic telecommunication network, sewerage pipeline and other civil engineering services. A contract with a customer is classified by the Group as contract works when the contract relates to work which enhances an asset that the customer controls as the Group performs. The Group has primary responsibility to fulfil the contract and has discretion in selecting subcontractors and discretion of the pricing for subcontractor.

The Group has to identify the performance obligations in the contract. A performance obligation is a promise in a contract to transfer a good or service to a customer. The Group treated all elements in a construction contract as a single performance obligation as the construction works are not capable of being distinct. There are multiple components to a construction contract including planning and arranging the required manpower, provision of machinery and materials and monitoring the work progress. The assets to be constructed and the services to be provided are likely to be highly dependent or integrated.

When determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The period between the transfer of the promised goods and payment by customer may exceed one year, which mainly comprised retention money receivables from the customers. Management consider that there is no significant financing component for these receivables, as such payment term is an industry practice. As a consequence, the Group does not adjust any of the transaction price for the time value of money.

The Group recognises revenue from a contract work progressively over time using the input method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.16 Revenue recognition *(continued)*

(a) Revenue from contract works *(continued)*

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the expected value method.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates where applicable, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The liquidated damages are treated as variable consideration under IFRS 15 and the amounts are included in revenue to the extent that it is highly probable that contract revenue will not reverse. There are no other obligations for warranty or refunds other than those warranties which provide customers with assurance that the related contract work will function as parties intended.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, the expected loss is recognised as an expense immediately.

Progress billings are billed and recognised as trade receivables in accordance with the terms of the contract, only if the Group has an unconditional right to consideration.

A contract asset is recognised in the consolidated statement of financial position when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed under expected credit loss model and are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised in the consolidated statement of financial position when the customer pays consideration before the Group recognises the corresponding revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Retention sum for contract works are reclassified to trade receivables in accordance with the terms of the respective contracts upon the expiry of the maintenance period and/or defects liability period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.16 Revenue recognition *(continued)*

(b) Road milling and resurfacing services

Revenue from providing road milling and resurfacing services to customers for road-patching work is recognised over time during the period as the services performed by the Group creates or enhances an asset that the customer controls. Revenue is recognised over time using the input method based on the proportion of the actual costs incurred relative to the estimated total costs. Hence, this points to an over time revenue recognition.

(c) Ancillary support and other services

Revenue from providing ancillary support services to customers is recognised over time during the period when the services are rendered by the Group. These activities include provision of technical assistance, labour or machinery and equipment on the basis of as-and-when required and are charged to the customers based on fixed unit prices. The Group recognises revenue based on the actual service provided because the customer receives and uses the benefits simultaneously. This is determined based on costs of the actual labour hours spent relative to the total expected labour hours.

(d) Sale of goods and milled waste

The Group sells goods such as milled waste and other materials. Revenue is recognised at the point of time when control of the goods has been 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.

3.17 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 leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.17 Leases *(continued)*

(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.

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

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.

Right-of-use assets are measured at cost 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.17 Leases *(continued)*

(b) Lessee *(continued)*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation is calculated using the straight-line method over their estimated useful lives, as follows:

Land	Over the lease term
Office equipment	2 to 5 years

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3.18 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.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income within the "Other income and other gains, net" over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.19 Fair value measurement

Fair value is the price that will be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that will use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described in Note 4.3, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

4.1 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2023 S\$'000	2022 S\$'000
Financial assets		
Carried at fair value:		
Other financial assets	89	88
Carried at amortised cost:		
Trade receivables	7,846	8,216
Deposits and other receivables, excluding prepayments	1,667	1,423
Pledged bank deposits	3,503	1,469
Cash at banks and on hand	18,967	16,864
	31,983	27,972
Financial liabilities		
Carried at amortised cost:		
Trade and retention payables	12,541	14,833
Accruals and other payables, excluding staff cost payables, provisions and goods and services tax payables	1,375	1,307
Bank and other borrowings	28,947	32,047
	42,863	48,187
Other financial liabilities		
Lease liabilities	3,279	3,593

4.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is carried out by the finance department under the supervision of the directors. The directors provide principles for overall risk management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(a) Interest rate risk

Interest-bearing financial assets/liabilities issued at variable rates expose the Group to cash flow interest rate risk. Interest-bearing financial assets/liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's exposure to interest rate risk mainly arises from cash at banks, bank deposits and bank and other borrowings which bore floating interests. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Sensitivity analysis

As at 31 December 2023, it is estimated that an increase/decrease of 75 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax for the year by approximately S\$40,000 (2022: decrease/increase of 75 basis points for the Group's profit after income tax for the year by approximately S\$85,000). The 75 basis point decrease/increase represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

(b) Foreign currency risk

The Group's exposure to currency exchange rate is minimal as majority of the subsidiaries of the Group operates in Singapore with most of the transactions denominated and settled in Singapore dollars, which are same as their functional currency.

Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk. The Group manages foreign currency risk by closely monitoring the proportion of its non-Singapore dollars assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(c) Credit risk

The credit risk of the Group mainly arises from cash at bank and on hand, pledged bank deposits, trade receivables, contract assets, and deposits and other receivables. The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. Management has a credit policy in place and the exposures to these credit risks are monitored and controlled on an ongoing basis. It considers available reasonable and supportive forward-looking information.

The Group has three types of assets that are subject to the ECL model:

- trade receivables,
- contract assets, and
- other financial assets at amortised cost

Trade receivables and contract assets

For trade receivables and contract assets, the Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. As a result, the Group's exposure to bad debts is not significant.

The Group applies IFRS 9 simplified approach to measure the ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets from initial recognition.

The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix.

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to the repayment history over a period of 12 month and the corresponding historical credit losses experienced within this period. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had considered that the Singapore's gross domestic growth and unemployment rate are to be the most relevant factor, and these are applied in the regression model given the COVID-19 pandemic and some significant changes in the market indexes, and accordingly, adjusted the historical loss rates based on expected changes of this factor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

Trade receivables and contract assets (continued)

The loss allowance was determined as follows for trade receivables:

	Current	1- 30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Individuals	Total
31 December 2023							
Average expected loss rate	0.18%	1.29%	2.12%	2.35%	1.71%	99.79%	
Gross carrying amount (S\$'000)	6,398	702	544	48	191	105	7,988
Loss allowance (S\$'000)	12	9	12	1	3	105	142
31 December 2022							
Average expected loss rate	0.10%	1.32%	2.29%	4.39%	6.80%	100%	
Gross carrying amount (S\$'000)	6,932	701	141	30	464	122	8,390
Loss allowance (S\$'000)	7	9	3	1	32	122	174

The contract assets 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, and the forward-looking information determined in above was also incorporated to estimate the loss allowance of contract assets.

The loss allowance was determined as follows for contract assets:

	Average expected loss rate	Loss allowance S\$'000	Gross carrying amount S\$'000
31 December 2023	0.21%	99	46,908
31 December 2022	0.60%	302	50,253

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a long period.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

Trade receivables and contract assets (continued)

The movement of allowance for impairment of trade receivables and contract assets are disclosed in Notes 20 and 21 respectively.

The Group was exposed to certain concentration of credit risk as at 31 December 2023 on top five highest gross trade receivables and contract assets which were amounting to approximately S\$6,696,000 and S\$38,852,000 (2022: S\$6,140,000 and S\$46,274,000), representing for approximately 84% and 83% (2022: 73% and 92%) of the gross trade receivables and contract assets respectively. The customers of the Group mentioned above are considered as organisations with sound financial position. Management considers that the credit risk is limited in this regard.

Other financial assets at amortised cost

For the deposits and other receivables, they are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. Based on historical experience, majority of these balances were settled shortly upon maturity, hence the associated credit risk is minimal. Management considered that the identified impairment loss under expected credit loss model was immaterial.

The Group's cash at bank and on hand and pledged deposits are placed in reputable financial institutions with sound credit ratings assigned by international credit rating agencies. The management believes there is no significant credit risk of loss on such assets.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Performing	The counterparty has a low to moderate risk of default and does not have any past-due amounts	Lifetime ECL — not-credit impaired	12m ECL
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not-credit impaired	Lifetime ECL — not-credit impaired
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit impaired	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2023 S\$'000	Gross carrying amount 2022 S\$'000
Financial assets at amortised cost:					
Trade receivables	20	Performing	Lifetime ECL (not credit-impaired)	7,883	8,268
		Non-performing	Lifetime ECL (credit-impaired)	105	122
Deposits and other receivable excluding prepayments	22	Performing	12m ECL	1,667	1,423
Pledged bank deposits	23	N/A	12m ECL	3,503	1,469
Cash at banks and on hand	23	N/A	12m ECL	18,967	16,864
Other item:					
Contract assets	21	Performing	Lifetime ECL	46,908	50,253

Notes:

- (i) For trade receivables and contract assets, the Group has applied the simplified approach in IFRS9 to measure the loss allowance at lifetime ECL.

Trade receivables and contract assets are assessed ECL individually and/or collectively using a provision matrix with appropriate groupings based on historical credit loss experiences adjusted by forward-looking estimates.

- (ii) For the purpose of internal credit risk management, the Group uses the past-due information of counterparties to assess whether credit risk has increased significantly since initial recognition. The balances of deposits and other receivables are not past due.

- (iii) Pledged bank deposits and bank balances were placed in the banks in Singapore and Hong Kong governed by Monetary Authority of Singapore and Hong Kong Monetary Authority, respectively. In view of the stable bank system in Singapore and Hong Kong and the high credit ratings assigned by international rating agencies to these banks, the loss allowance is expected to be very minimal and close to zero.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(d) Liquidity risk

The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate and short-term and long-term borrowings. The Group aims to maintain flexibility in funding by utilising committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the non-derivative financial liabilities and lease liabilities of the Group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balances within 1 year other than bank and other borrowings and lease liabilities, equal their carrying balances as impact from discounting is not significant.

	On demand S\$'000	Within 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	More than 5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount at 31 December S\$'000
2023							
Trade and retention payables	-	12,541	-	-	-	12,541	12,541
Accruals, other payables and provisions, excluding staff cost payables, provision and goods and services tax payables	-	1,375	-	-	-	1,375	1,375
Bank and other borrowings, including interest	30,255	2,315	1,509	746	-	34,825	28,947
Lease liabilities, including interest	-	821	309	470	3,868	5,468	3,279
	30,255	17,052	1,818	1,216	3,868	54,209	46,142
2022							
Trade and retention payables	-	14,833	-	-	-	14,833	14,833
Accruals, other payables and provisions, excluding staff cost payables, provision and goods and services tax payables	-	1,307	-	-	-	1,307	1,307
Bank and other borrowings, including interest	32,643	1,787	1,325	1,195	-	36,950	32,047
Lease liabilities, including interest	-	661	619	627	4,012	5,919	3,593
	32,643	18,588	1,944	1,822	4,012	59,009	51,780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.2 Financial risk factors *(continued)*

(d) Liquidity risk *(continued)*

The table below summarises the maturity analysis of the loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the 'on demand' time band in the maturity analysis contained above.

Taking into account the Group's financial position, the directors of the Group do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The Group believe that such loans will be repaid in accordance with the scheduled repayment date set out in the loan agreements.

Maturity Analysis — Bank borrowings subject to a repayment on demand clause based on scheduled repayments:

	Within 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	More than 5 years S\$'000	Total S\$'000
As at 31 December 2023					
Borrowings	14,646	1,520	808	7,628	24,602
Interest	603	504	532	4,014	5,653
	15,249	2,024	1,340	11,642	30,255
As at 31 December 2022					
Borrowings	15,915	2,125	1,615	8,293	27,948
Interest	566	502	440	3,187	4,695
	16,481	2,627	2,055	11,480	32,643

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.3 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:

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

There were no transfers among Levels 1, 2 and 3 during the year (2022: Nil).

(i) Financial assets and liabilities not measured at fair value

The carrying values of the Group's financial assets, including trade receivables, deposits and other receivables, pledged bank deposits and cash at bank and on hand; and financial liabilities, including trade and retention payables, accruals and other payables, and bank borrowings, approximate their fair values.

(ii) Financial assets and liabilities measured at fair value

	Level 2	
	2023	2022
	S\$'000	S\$'000
Assets measured at fair value:		
Financial assets at FVTPL		
— key management insurance policy (Note 18)	89	88

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The fair value of life insurance policy is determined by reference to the surrender cash value reported by the financial institution on a regular basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

4.4 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 equity holders 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 equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of net debt to total capital ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as lease liabilities and bank and other borrowings, less cash at bank and on hand and pledged bank deposits. Total equity is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The net debt to total capital ratio were as follows:

	2023	2022
	S\$'000	S\$'000
Lease liabilities (Note 26)	3,279	3,593
Bank and other borrowings (Note 27)	28,947	32,047
Less: pledged bank deposits and cash at banks and on hand (Note 23)	(22,470)	(18,333)
Net debt	9,756	17,307
Total equity	56,297	55,092
Net debt to total equity ratio	17%	31%

Under the terms of the Group's borrowing facilities, the Group is required to comply with certain financial covenants.

No changes were made in the objectives, policies or processes during the current and previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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) Measure of progress of contract works for revenue recognition

The Group measures progress of contract works and recognises its revenue according to the proportion of actual cost of work performed to date as compared to total budgeted costs of contract works. Due to the nature of the activities undertaken in these projects, the date at which the project activities are entered into and the date when the activities are completed may fall into different accounting periods.

The management estimate the revenue and budgeted costs at the commencement of the construction contracts and regularly assess the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidation damages. Budgeted costs which mainly comprise labour costs, subcontracting charges, material and consumables and other costs are estimated by the management. Any significant variances in estimations of the budget costs will impact the measurement of progress which drives the revenue recognition of contract works in an accounting period. The management constantly conducts periodic review of the relevance of budgets by reviewing the actual amounts incurred and comparing with previous estimated amounts in order to mitigate the exposure to significant variances.

(b) Impairment of trade receivables and contract assets

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix.

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the Group used provision matrix to calculate the ECL for its trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar credit risk characteristics. The provision matrix is based on relevant historical loss rates taking into consideration forward looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the estimated loss rates are reassessed and changes in forward looking information are considered.

The assessment requires management judgement and estimates. Where the actual outcome or expectation in future is different from original estimate, such differences will impact the carrying amount of trade receivables and contract assets and credit loss allowance in the period in which the estimate has been changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(continued)*

(c) Estimated useful lives of property, plant and equipment and right-of-use assets

The Group's property, plant and equipment and right-of-use assets are depreciated based on their estimated useful lives and estimated residual values. This estimate is based on the expected utility of the asset to the Group and management experience in similar assets, and involve management's judgement. Actual economic lives may differ from estimated useful lives, and changes in management estimate could result in changes in depreciable lives and therefore depreciation expense in future periods.

(d) Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by external qualified professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation reports, the management has exercised their judgement and is satisfied that the assumptions used in the valuation are reflective of the current market conditions.

(e) Current and deferred income tax

The Group is subject to income taxes in Singapore. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of current and deferred income tax in the period in which such estimates are changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. SEGMENT INFORMATION

The chief operating decision-maker (the “**CODM**”) has been identified as the executive directors of the Company who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

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

The Group is principally engaged in the general construction of civil engineering projects through the operating companies in Singapore. Information reported to the CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the operating companies as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group’s activities, other than those of certain joint ventures and newly incorporated subsidiaries in the People’s Republic of China (the “**PRC**”), are carried out in Singapore and all of the Group’s assets and liabilities are located in Singapore. Accordingly, no analysis by geographical basis was presented.

During the year ended 31 December 2023, there were 3 (2022: 2) customers which individually contributed to over 10% of the Group’s total revenue. Revenue generated from these customers are summarised below:

	2023 S\$’000	2022 S\$’000
Customer 1	24,317	48,149
Customer 2	15,219	21,579
Customer 3 (Note)	12,268	6,624

Note: The revenue contributed by customer 3 for the year ended 31 December 2022 did not exceed 10% of the Group’s total revenue.

7. REVENUE

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

	2023 S\$’000	2022 S\$’000
Revenue from contract works	86,234	91,313
Road milling and resurfacing services	10,361	7,410
Ancillary support and other services	3,454	2,393
Sale of goods and milled waste	1,526	1,609
	101,575	102,725
Revenue recognised:		
Over time	100,049	101,116
At point in time	1,526	1,609
	101,575	102,725

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

8. OTHER INCOME AND OTHER GAINS, NET

	2023 S\$'000	2022 S\$'000
Other income:		
Rental income from investment properties (Note 15)	67	67
Rental income from a property (Note (i))	328	328
Government grants (Note (ii))	125	954
Workplace safety and health awards	48	66
Civil engineering and construction related works excellence cash award received from customer	–	100
Gain on early termination on lease (Note 26)	–	–*
Others	5	75
	573	1,590
Other gains, net:		
Gain on disposal of property, plant and equipment, net	202	182
Loss on write off of property, plant and equipment, net	(3)	(12)
Fair value gain on investment properties (Note 15)	25	280
Changes in cash surrender value of key management insurance contracts (Note 18)	1	1
	225	451
	798	2,041

* Less than S\$1,000

Notes:

- (i) The property acquired during the year ended 31 December 2021 comprised a portion that is held to earn rentals. The management views that the portion could not be sold separately and the portion held for rentals income is insignificant. The property is mainly used as warehouse of the Group, therefore is classified as properties, plant and equipment as set out in Note 14.
- (ii) For the year ended 31 December 2023, government grants were represented by general incentives and subsidies provided by Singapore Government for supporting local entities and community, such as Enterprise Development Grant, Senior Employment Credit, Progressive Wage Credit Scheme, Childcare Leave Scheme etc. For the year ended 31 December 2022, except for these general incentives and subsidies, there was also a Foreign Worker Levy Rebate of approximately S\$634,000 from Singapore Government for supporting the development of construction industry and was ceased after June 2022. These incentives and subsidies were granted in the form of cash payout and there were no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. OPERATING PROFIT

Operating profit for the year is stated after charging/(crediting) the followings:

	2023	2022
	S\$'000	S\$'000
Raw material and consumables used (Note) (Note 19)	12,617	12,268
Subcontracting charges (Note)	30,966	38,106
Site expense (Note)	4,320	3,462
Auditor's remuneration	207	213
Depreciation of property, plant and equipment (Note) (Note 14)	5,635	5,346
Depreciation of right-of-use assets (Note) (Note 26(ii))	991	717
Employee benefit expenses, including directors' emoluments (Note 10)	27,592	25,830
Insurance expenses (Note)	832	1,354
Expenses relating to short term leases and low value assets (Note) (Note 26(ii))	29	70
Reversal of onerous contract (Note) (Note 25)	–	(310)

Notes:

Amounts are included in cost of sales.

10. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2023	2022
	S\$'000	S\$'000
Wages, salaries and bonuses	22,569	21,030
Foreign workers levy	3,273	3,147
Retirement benefit costs — defined contribution plan (Note)	1,137	1,000
Staff benefits	613	653
	27,592	25,830
Cost of sales	21,317	20,146
Administrative expenses	6,275	5,684
	27,592	25,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

10. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(continued)

Note:

Defined contribution plan represents the CPF scheme which is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act, Chapter 36 of Singapore, an employer is obliged to make CPF contributions ranging from 5% to 20% of wage for all employees who are Singapore citizens or permanent residents of Singapore. CPF contributions are not applicable for foreigners. Contribution to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

Five highest paid individuals

For the year ended 31 December 2023, the five individuals whose emoluments were the highest in the Group included 2 (2022: 2) directors, whose emolument are reflected in the analysis in Note 36. The emoluments paid/payable to the remaining 3 (2022: 3) individuals were as follows:

	2023 S\$'000	2022 S\$'000
Wages, salaries and benefits in kind	711	618
Bonuses	313	317
Retirement benefit costs — defined contribution plans	56	51
	1,080	986

The emoluments of the remaining 3 (2022: 3) highest paid individuals fell within the following bands:

Emolument bands	Number of individuals	
	2023	2022
HK\$1 to HK\$500,000 (equivalent to S\$1 to S\$85,773)	—	—
HK\$500,001 to HK\$1,000,000 (equivalent to S\$85,774 to S\$171,547)	—	—
HK\$1,000,001 to HK\$1,500,000 (equivalent to S\$171,548 to S\$257,320)	—	—
HK\$1,500,001 to HK\$2,000,000 (equivalent to S\$257,321 to S\$343,094)	3	3
	3	3

No directors or any of the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. FINANCE INCOME AND FINANCE COSTS

	2023 S\$'000	2022 S\$'000
Finance income		
Interests from:		
— Bank deposits	40	19
— Pledged bank deposits	42	5
	82	24
Finance costs		
Interests on:		
— Bank and other borrowings	1,425	1,074
— Lease liabilities (Note 26(ii))	150	155
— Unwinding of discount of reinstatement costs (Note 25)	23	22
	1,598	1,251

12. INCOME TAX EXPENSE

	2023 S\$'000	2022 S\$'000
Current tax		
— Current year — Singapore (Note (e))	1,036	896
— (Over)/under-provision in prior year	(42)	85
Deferred tax		
— Current year (Note 28)	181	78
Income tax expense	1,175	1,059

Notes:

- Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.
- No provision for income tax in British Virgin Islands (the "BVI") has been made as the Company's subsidiaries had no assessable income in BVI during the year ended 31 December 2023 (2022: Nil).
- Hong Kong Profits Tax has not been provided for as the Company and its subsidiaries had no assessable profit in Hong Kong during the year ended 31 December 2023 (2022: Nil).
- No provision for income tax in the PRC has been made as the Company's subsidiaries had no assessable income in the PRC during the year ended 31 December 2023 (2022: Nil).
- The Group mainly operates in Singapore. Income tax had been provided at the applicable tax rate of 17% (2022: Same) of Singapore on the estimated assessable profits for the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

12. INCOME TAX EXPENSE *(continued)*

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

	2023	2022
	S\$'000	S\$'000
Profit before income tax	2,521	3,732
Add: Share of loss of joint ventures, net of tax	729	179
Profit before income tax and share of loss of joint ventures	3,250	3,911
Tax calculated at 17% (2022: 17%)	552	665
Effect of different tax rates of other jurisdictions	5	8
Tax incentives (Note (i))	(12)	(2)
Income not subject to tax	(11)	(72)
Expenses not deductible for tax purposes	801	585
Statutory income tax exemption (Note (ii))	(70)	(70)
Others	(48)	(139)
(Over)/under-provision of income tax expense in prior year	(42)	84
Income tax expense	1,175	1,059

Notes:

- (i) During the year ended 31 December 2023, tax incentives related to Corporate Income Tax Rebates by Inland Revenue Authority of Singapore ("IRAS") (2022: Same).
- (ii) During the year ended 31 December 2023, tax exemption relates to 75% tax exemption of the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income (2022: Same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2023 S\$'000	2022 S\$'000
Earnings:		
Profit for the year attributable to the equity holders of the Company	768	2,173
Number of shares:		
Weighted average number of ordinary shares (in thousand)	1,064,000	1,064,000

For the year ended 31 December 2023 and 2022, the number of shares used for the purpose of calculating basic earnings per share represents the weighted average of 1,064,000,000 ordinary shares in issue during the year.

Diluted earnings per share was the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the year ended 31 December 2023 (2022: Same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT

	Properties (Note (i)) S\$'000	Motor vehicles (Note (ii)) S\$'000	Computers, office equipment and furniture and fittings S\$'000	Plant and machinery (Note (ii)) S\$'000	Renovation S\$'000	Total S\$'000
Year ended 31 December 2023						
Opening net book amount	14,089	4,515	137	4,019	125	22,885
Addition	-	2,265	192	1,715	80	4,252
Written-off	-	-	-	(3)	-*	(3)
Disposal	-	(29)	-	(118)	-	(147)
Depreciation	(2,027)	(1,486)	(145)	(1,923)	(54)	(5,635)
Closing net book amount	12,062	5,265	184	3,690	151	21,352
At 31 December 2023						
Cost	23,622	16,865	1,356	16,059	932	58,834
Accumulated depreciation	(11,560)	(11,600)	(1,172)	(12,369)	(781)	(37,482)
Net book amount	12,062	5,265	184	3,690	151	21,352

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Properties (Note (i)) S\$'000	Motor vehicles (Note (ii)) S\$'000	Computers, office equipment and furniture and fittings S\$'000	Plant and machinery (Note (ii)) S\$'000	Renovation S\$'000	Total S\$'000
Year ended 31 December 2022						
Opening net book amount	15,395	3,361	187	4,494	159	23,596
Addition	–	2,520	131	2,045	18	4,714
Written-off	–*	–*	(2)	(10)	–	(12)
Disposal	–	(53)	(6)	(8)	–	(67)
Depreciation	(1,306)	(1,313)	(173)	(2,502)	(52)	(5,346)
Closing net book amount	14,089	4,515	137	4,019	125	22,885
At 31 December 2022						
Cost	23,622	15,091	1,164	16,361	856	57,094
Accumulated depreciation	(9,533)	(10,576)	(1,027)	(12,342)	(731)	(34,209)
Net book amount	14,089	4,515	137	4,019	125	22,885

* Less than S\$1,000

Notes:

- (i) As at 31 December 2023, these properties are held by the Group with underlying leasehold land under the lease terms of approximately 14 to 35 years (2022: Same). The relevant leasehold land is classified as right-of-use assets (Note 26).
- (ii) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 26(i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation of the Group's property, plant and equipment has been charged to the profit or loss as follow:

	2023	2022
	S\$'000	S\$'000
Cost of sales	5,038	4,804
Administrative expenses	597	542
	5,635	5,346

As at 31 December 2023, the properties of the Group with net carrying amount of approximately S\$12,062,000 (2022: S\$14,089,000) were pledged to secure the bank borrowings of the Group (Note 27).

As at 31 December 2023, motor vehicles and plant and machinery with carrying amount of approximately S\$3,730,000 and S\$2,128,000 respectively (2022: S\$2,878,000 and S\$2,386,000 respectively) held by the Group were pledged for certain borrowings. The related assets were pledged as security for the related financing (Note 27).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

15. INVESTMENT PROPERTIES

	2023	2022
	S\$'000	S\$'000
At 1 January	2,265	1,985
Fair value gain recognised in profit or loss (Note 8)	25	280
At 31 December	2,290	2,265

As at 31 December 2023, the investment properties of the Group with fair value of approximately S\$2,290,000 (2022: S\$2,265,000) was pledged to secure the bank borrowings of the Group (Note 27).

The investment properties are leased to certain independent third parties. The following amounts were recognised in the consolidated statement of comprehensive income:

	2023	2022
	S\$'000	S\$'000
Rental income (Note 8)	67	67
Direct operating expenses	(29)	(45)
	38	22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

15. INVESTMENT PROPERTIES *(continued)*

Details of the Group's investment properties as at 31 December 2023 and 2022 are as follows:

Location	Description/existing use	Tenure
25 Woodlands Industrial Park E1 #02-01 Admiralty Industrial Park, Singapore 757743	A flatted factory unit	60 years lease commencing from 9 January 1995
31 Mandai Estate, #05-04/05 Innovation Place, Singapore 729933	2 amalgamated flatted factory units	Freehold

Fair value hierarchy — Recurring fair value measurements

The fair value of the Group's investment properties is categorised into level 3 of the fair value hierarchy as defined in Note 4.3. There were no transfers between Level 1, 2 and 3 during the year ended 31 December 2023 (2022: Nil).

	Quoted prices in active markets for identical assets (Level 1) S\$'000	Significant other observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000
31 December 2023			
— Factory units	–	–	2,290
31 December 2022			
— Factory unit	–	–	2,265

Valuation process of the Group

Independent valuations of the Group's investment properties were performed by Knight Frank Pte Ltd, an independent qualified valuer, to determine the fair value of the investment properties as at 31 December 2023 (2022: Same).

The fair value of the Group's investment properties at 31 December 2023 were determined by the valuer in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS) (2022: Same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

15. INVESTMENT PROPERTIES *(continued)*

Valuation technique

Fair value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Such fair value reflects the highest and best use of the investment properties.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Type of property	Valuation techniques	Significant unobservable inputs	Rate of unobservable inputs
As at 31 December 2023:			
Factories	Sales comparison method	Estimated market price per square metre	S\$2,604 — S\$6,703 per square metre
As at 31 December 2022:			
Factories	Sales comparison method	Estimated market price per square metre	S\$2,544 — S\$6,649 per square metre

Under the sales comparison method of valuation, fair values of the investment properties are derived from comparing the properties to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of the properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The most significant impact into this valuation approach is price per square metre. The higher the price per square metre, the higher the fair value of the investment properties.

There were no changes in valuation techniques compared to prior year.

The Group’s management reviews the valuation performed by independent valuer and holds discussion of the valuation processes with the qualified valuer once a year for financial reporting purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

16. PARTICULAR OF SUBSIDIARIES

General information of the subsidiaries at the reporting date are as follows:

Name	Place of incorporation, principal country of operation and date of incorporation	Principal activities	Type of legal status	Issued and paid up/registered capital	Effective interests held as at 31 December	
					2023	2022
Directly held:						
WG (BVI) Limited ("WG BVI")	The BVI, 27 May 2019	Investment holding	Limited liability company	US\$300	100%	100%
Zhang De Holdings Limited	The BVI, 11 August 2023	Investment holding	Limited liability company	US\$1	100%	–
Indirectly held:						
Wee Guan Construction Pte Ltd	Singapore, 14 February 1991	General construction of other civil engineering projects	Limited liability company	S\$3,000,000	100%	100%
Weng Guan Technology Pte Ltd ("WGT") (Note)	Singapore, 4 March 1992	Civil engineering and road-works construction	Limited liability company	S\$1,500,000	100%	100%
Wee Guan Engineering Pte Ltd	Singapore, 26 August 1998	Leasing of vehicles and construction of other civil engineering projects	Limited liability company	S\$1,600,000	100%	100%
Road Builders Singapore Pte. Ltd. ("RBS")	Singapore, 21 February 2014	Construction of other civil engineering projects and road construction	Limited liability company	S\$500,000	55%	55%
Geecomms Pte. Ltd.	Singapore, 27 May 2014	Electrical and telecommunications wiring installation works and construction of other civil engineering projects	Limited liability company	S\$500,000	100%	100%
Hydrojack Engineering Pte. Ltd.	Singapore, 6 February 2018	Construction of other civil engineering projects and water, gas pipe-line and sewer construction	Limited liability company	S\$500,000	51%	51%
Wee Guan Corporation Pte Ltd	Singapore, 8 August 2018	Investment holding	Limited liability company	S\$100 and US\$100	100%	100%
Britway Industrial Limited	Hong Kong, 5 September 2023	Investment holding	Limited liability company	HK\$1	100%	–
Shenzhen Yuanbo Technology Co., Ltd.* (深圳源泊科技有限公司)	The PRC, 25 October 2023	Trading of building materials	Limited liability company	Registered capital of RMB50,000,000 — paid up: Nil	100%	–
Shenzhen Yuanbo Trading Co. Ltd.* (深圳源泊商貿有限公司)	The PRC, 9 November 2023	Trading of building materials	Limited liability company	Registered capital of RMB50,000,000 — paid up: Nil	100%	–

* For identification purpose only

Note: The issued and paid-up share capital of WGT has been increased from S\$750,000 to S\$1,500,000 by an allotment of 750,000 ordinary shares on 21 April 2023 at the issued price of S\$1.00 each.

None of the subsidiaries had issued any debt securities at the end of the year (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. INVESTMENTS IN JOINT VENTURES

	2023 S\$'000	2022 S\$'000
At 1 January	3,623	4,084
Share of loss for the year, net of tax	(729)	(179)
Share of other comprehensive income/(loss) for the year, net of tax	88	(282)
Impairment of investment	(1,050)	–
At 31 December	1,932	3,623

Set out below are the joint ventures of the Group. These joint ventures have share capital consisting solely of ordinary shares, which are held indirectly through a subsidiary of the Group.

Name of entity	Place of incorporation	Places of business	% of ownership interest as at 31 December	
			2023	2022
SWG Alliance Pte. Ltd. (" SWG ") and its subsidiaries (Note (i))	Singapore	Singapore and Malaysia	40	40
Futurus Construction Pte. Ltd. (" Futurus ") (Note (ii))	Singapore	Singapore	40	40

Notes:

- (i) SWG is an investment holding company. The principal activities of its subsidiaries are manufacture of precast concrete, cement or artificial stone articles, manufacture of asphalt and quarry products.
- (ii) Futurus is principally engaged in the business of distribution and leasing of machinery and equipment relating to the civil engineering industry.

The investment in SWG has been written down to its recoverable amount as at 31 December 2023, which was determined based on its value in use using the discounted cashflow model. The result of the total projected cashflow was discounted to its present value, the equity share thereof was then compared to the carrying value of SWG as at 31 December 2023. Impairment was provided when recoverable amount is less than the carrying amount.

19% pre-tax discount rate, equivalent to 15% post-tax discount rate, was used by the Group in performing the discounted cashflow of SWG, which represented the management's best estimate of current market assessment of (a) the time value of money; and (b) the risks specific to the asset for which the future cash flow estimates have not been adjusted.

As at 31 December 2023, the Group's equity share of the recoverable amount of SWG, based on post-tax discount rate of 15% discounted cashflow, was approximately S\$1,865,000. Compared with the carrying value of SWG as at the same date of approximately S\$2,915,000, impairment of investment of approximately S\$1,050,000 was provided accordingly.

The Group had no commitment to provide funding, if called, to these joint ventures and there were no contingent liabilities relating to the Group's interests in these joint ventures for the year ended 31 December 2023 (2022: Same).

Summarised financial information in respect of the Group's joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

All the joint ventures are accounted for using the equity method in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. INVESTMENTS IN JOINT VENTURES *(continued)*

	SWG Alliance Pte. Ltd. and its subsidiaries	
	2023 S\$'000	2022 S\$'000
Summarised statement of financial position at 31 December		
Current assets	6,139	6,950
Non-current assets	3,805	5,960
Current liabilities	(3,205)	(3,880)
Non-current liabilities	(271)	(690)
Net assets	6,468	8,340
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,628	1,488
Current financial liabilities (excluding trade and other payables and provisions)	(180)	(242)
Non-current financial liabilities (excluding trade and other payables and provisions)	(271)	(690)
Summarised statement of comprehensive income for the year ended 31 December		
Revenue	6,903	6,781
Loss for the year	(2,092)	(833)
Other comprehensive income/(loss) for the year	220	(705)
Total comprehensive loss for the year	(1,872)	(1,538)
Attributable to:		
— Equity owners of joint venture	(1,610)	(1,307)
— Non-controlling interests	(262)	(231)
	(1,872)	(1,538)
The above loss for the year includes the followings:		
Depreciation and amortisation	(657)	(802)
Interest expense	(17)	(23)
Income tax credit	168	59

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. INVESTMENTS IN JOINT VENTURES *(continued)*

	Futurus	
	2023 S\$'000	2022 S\$'000
Summarised statement of financial position at 31 December		
Current assets	173	162
Non-current assets	11	14
Current liabilities	(10)	(13)
Non-current liabilities	(3)	–
Net assets	171	163
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	130	100
Current financial liabilities (excluding trade and other payables and provisions)	(4)	(3)
Non-current financial liabilities (excluding trade and other payables and provisions)	(3)	–
Summarised statement of comprehensive income for the year ended 31 December		
Revenue	78	300
Profit/(loss) for the year	8	(20)
Other comprehensive income for the year	–	–
Total comprehensive income/(loss) for the year	8	(20)
Attributable to:		
— Equity owners of joint venture	8	(20)
— Non-controlling interest	–	–
	8	(20)
The above income/(loss) for the year includes the followings:		
Depreciation and amortisation	(11)	(44)
Interest expense	–*	–*

* Less than S\$1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Reconciliation of summarised financial information to the carrying amount of the investments in joint ventures recognised in the consolidated financial statements:

	SWG Alliance Pte. Ltd. and its subsidiaries	
	2023	2022
	S\$'000	S\$'000
Opening net assets	8,340	9,878
Loss for the year	(1,872)	(1,538)
	6,468	8,340
Closing net assets	6,468	8,340
Net assets attributable to non-controlling interests of joint ventures	(820)	(556)
Net assets attributable to other joint venture partner	4,373	5,338
Net assets attributable to the Group	2,915	3,558
	6,468	8,340
	Futurus	
	2023	2022
	S\$'000	S\$'000
Opening net assets	163	183
Profit/(loss) for the year	8	(20)
	171	163
Closing net assets	171	163
Net assets attributable to other joint venture partner	102	98
Net assets attributable to the Group	69	65
	171	163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

18. OTHER FINANCIAL ASSETS

	2023 S\$'000	2022 S\$'000
Financial assets measured at FVTPL		
— Key management insurance contract	89	88

In 2018, the Group entered into a life insurance policy with an insurance company to insure one of the senior management of the Company. The total sum insured is approximately S\$391,200. The Group is the policy holder and beneficiary of the policy. The Group has paid a one-off premium of S\$109,000 in 2018. The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal ("**Cash Value**"), which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged. If such withdrawal is made at any time during the first to the 65th policy year, as appropriate, a pre-determined specified surrender charge would be imposed.

The insurance company will pay the Group an interest on the outstanding Cash Value at the prevailing interest rate fixed by the insurance company and a minimum guaranteed interest of 0.8% per annum up to the 25th policy year guaranteed by the insurance company and accumulated in the surrender value until the termination of the policy.

As represented by the directors of the Company, the Group will not terminate the policies nor withdraw cash prior to the 65th policy year for the insurance policy and the expected life of the policies remained unchanged from the initial recognition.

The life insurance policy is denominated in S\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

18. OTHER FINANCIAL ASSETS *(continued)*

Particulars of the benefit payables against death, terminal illness and disability of the policy are as follows:

Policy year	Insured sum S\$'000	Multiplier benefit for death benefit S\$'000	Multiplier benefit for accelerated terminal illness benefit S\$'000	Multiplier benefit for accelerated disability benefit S\$'000	Benefit payable
1st to 36th year	391	700	700	700	Higher of the sum assured plus any attaching bonuses or the multiplier benefit, less any amount owing to the insurance company.
37th to 51st year	196	700	700	–	Higher of the sum assured plus any attaching bonuses or the multiplier benefit, less any amount owing to the insurance company.
52nd year to whole life	196	–	–	–	

The fair value of the life insurance policy is determined by reference to the Cash Value of life insurance policy at the end of the reporting period together with the guaranteed interest rate as mentioned above. Change in fair value is recognised in the consolidated statement of comprehensive income for the year ended 31 December 2023 (Note 8).

19. INVENTORIES

	2023 S\$'000	2022 S\$'000
Raw materials and consumables	1,122	1,135

The cost of inventories recognised as expense and included in "cost of sales" amounted to approximately S\$12,617,000 (2022: S\$12,268,000) for the year ended 31 December 2023 (Note 9).

No inventories were written off during the year ended 31 December 2023 (2022: Same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

20. TRADE RECEIVABLES

	2023 S\$'000	2022 S\$'000
Trade receivables		
— Third parties	7,888	8,386
— Related party (Note 32(b)(i))	100	4
	7,988	8,390
Less: Allowance for impairment	(142)	(174)
Trade receivable — net	7,846	8,216

The Group's credit terms granted to third-party customers is generally 30 to 45 days.

The ageing analysis of the trade receivables at gross amount, presented based on invoice date at the end of the reporting period, was as follows:

	2023 S\$'000	2022 S\$'000
Less than 30 days	6,398	6,932
31-60 days	702	701
61-90 days	544	141
91-120 days	48	30
121-365 days	23	288
More than 1 year	273	298
	7,988	8,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

20. TRADE RECEIVABLES *(continued)*

Movement in the allowance for impairment of trade receivables was as follows:

	Lifetime ECL — not credit impaired S\$'000	Lifetime ECL — credit impaired S\$'000	Total S\$'000
As at 1 January 2022	20	291	311
Impairment made	32	17	49
Impairment reversed	–	(185)	(185)
Impairment utilised	–	(1)	(1)
As at 31 December 2022 and 1 January 2023	52	122	174
Impairment made	–	4	4
Impairment reversed	(15)	(13)	(28)
Impairment utilised	–	(8)	(8)
As at 31 December 2023	37	105	142

The Group applied the simplified approach to provide for ECL prescribed by IFRS 9 as disclosed in Note 4.2(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

21. CONTRACT ASSETS/(LIABILITIES)

	2023 S\$'000	2022 S\$'000
Retention sum for contract works	1,471	1,059
Unbilled revenue of contracts	45,437	49,194
	46,908	50,253
Less: Allowance for impairment	(99)	(302)
	46,809	49,951
Contract assets		
Contract liabilities	(329)	(550)
Retention held by customers expected to be settled: To be recovered within 12 months	1,471	1,059

All contract assets and contract liabilities are mainly arisen from contract works and road milling and resurfacing services. The changes in the contract assets and contract liabilities for the year were resulted from the pace of the progress of certain projects and the timing of approval for progress billing application for certain projects.

Retention sum for contract works are settled in accordance with the terms of the respective contracts. In the consolidated statement of financial position, retention sum for contract works were classified as current assets based on operating cycle. Prior to expiration of defect liability period, these are classified as contract assets, which ranges from one to five years from the date of the practical completion of the construction. The relevant amount of contract asset is unsecured and interest-free and reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion or the expiry of the defect liability period.

Contract assets represent the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

21. CONTRACT ASSETS/(LIABILITIES) (continued)

The Group applied the simplified approach to provide for ECL prescribed by IFRS 9 as disclosed in Note 4.2(c). Movement in the allowance for impairment of contract assets was as follows:

	S\$'000
As at 1 January 2022	821
Impairment made	(519)
As at 31 December 2022 and 1 January 2023	302
Impairment reversed	(203)
As at 31 December 2023	99

Revenue recognised in relation to contract liabilities:

	2023 S\$'000	2022 S\$'000
Revenue recognised in current year that was included in the contract liabilities balance at the beginning of the year	550	1,559

Unsatisfied performance obligations resulting from fixed-price long-term contracts were analysed as follows:

	2023 S\$'000	2022 S\$'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	94,081	102,841
Expected to be recognised within one year	81,141	76,291
Expected to be recognised after one year	12,940	26,550
	94,081	102,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 S\$'000	2022 S\$'000
Deposits (Note (i))	1,049	637
Less: Impairment made	(45)	–
	1,004	637
Loan to a joint venture (Note 32(b)(ii))	600	600
Prepayments (Note (ii))	615	1,007
Other receivables — third parties	63	186
	2,282	2,430

Notes:

(i) As at 31 December 2023, deposits mainly composed of rental deposits for properties and motor vehicles, and deposits paid for project expenses (2022: Same).

(ii) As at 31 December 2023, prepayments mainly composed of prepaid project insurance and performance bond insurance (2022: Same).

23. PLEDGED BANK DEPOSITS AND CASH AT BANKS AND ON HAND

	2023 S\$'000	2022 S\$'000
Cash at banks	18,891	16,789
Cash on hand	76	75
	18,967	16,864
Pledged bank deposits	3,503	1,469
	22,470	18,333

As at 31 December 2023, bank deposits of approximately S\$3,503,000 (2022: S\$1,469,000) were mainly pledged for bank borrowings (Note 27) of the Group with maturity of two weeks to one year (2022: three months to one year). Such bank deposits carry interest at market rates which range from 0.02% to 3.63% (2022: 0.02% to 3.30%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

24. TRADE AND RETENTION PAYABLES

The average credit period granted by creditors is 30 days.

	2023 S\$'000	2022 S\$'000
Trade payables		
— Third parties	12,175	14,612
— Related parties (Note 32(b)(iii))	16	56
	12,191	14,668
Retention payables		
— Third party	350	165
	12,541	14,833

The ageing analysis of the trade payables, presented based on invoice date at the end of the reporting period, was as follows:

	2023 S\$'000	2022 S\$'000
Less than 30 days	8,648	11,906
31–60 days	1,805	1,025
61–90 days	778	410
91–120 days	915	455
121–365 days	8	815
More than one year	37	57
	12,191	14,668

As at 31 December 2023, retention payables of approximately S\$350,000 (2022: S\$165,000) were expected to be settled within twelve months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. ACCRUALS, OTHER PAYABLES AND PROVISIONS

	2023 S\$'000	2022 S\$'000
<i>Current</i>		
Other payables	228	435
Accruals for operating expenses	4,212	2,653
Deposits received — refundable	246	261
Goods and services tax payables	856	792
Provisions	370	433
	5,912	4,574
<i>Non-current</i>		
Provisions	704	645

Current provisions mainly represented provision for leave entitlement and onerous contract. Non-current provision represented provision for repair works to be incurred after the completion of contract works and provision for reinstatement costs for a property with a fixed land lease classify as property, plant and equipment (Note 14).

Movements in provisions classified as current liabilities are as follows:

	2023 S\$'000	2022 S\$'000
Provision for leave entitlement		
At 1 January	433	633
Provision reversed	(63)	(200)
	370	433
Provision for onerous contract		
At 1 January	—	310
Provision reversed	—	(310)
	—	—
	370	433

The provision for onerous contract represented the unavoidable costs of fulfilling certain contract work with customer that were in excess of the economic benefits expected to be received under the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. ACCRUALS, OTHER PAYABLES AND PROVISIONS *(continued)*

As at 31 December 2021, the management considered that the provision for onerous contract of approximately S\$310,000 related to the estimated cost of contract works agreed to be carried out for two projects over the economic benefit to be obtained from them, being unavoidable of meeting the contract obligations. During the year ended 31 December 2022, such provision was reversed. As at 31 December 2022, the anticipated expenditure was incurred throughout the performance of contract works.

Movements in provisions classified as non-current liabilities are as follows:

	2023 S\$'000	2022 S\$'000
Provision for repair works on contract works		
At 1 January	245	328
Provision made	36	–
Provision reversed	–	(83)
At 31 December	281	245
Provision for reinstatement costs		
At 1 January	400	378
Unwinding of discount (Note 11)	23	22
At 31 December	423	400
	704	645

26. LEASES

The Group leases land and office equipment. Lease contracts are typically made for fixed periods of 2 to 35 years (2022: Same). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for other borrowing purposes.

Variable leases payment of land, initially measured using the rate at the commencement date, will be revised based on market rent prevailing every year but each increase shall not exceed 5.5% of the annual rent for each immediate preceding year. The Group reassess the right-of-use assets when the lease payment is revised.

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.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. LEASES (continued)

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

	2023 S\$'000	2022 S\$'000
<i>Right-of-use assets</i>		
Land	3,049	3,377
Office equipment	67	90
	3,116	3,467
<i>Lease liabilities</i>		
Current	695	522
Non-current	2,584	3,071
	3,279	3,593

Additions to the right-of-use assets for the year ended 31 December 2023 were approximately S\$621,000 (2022: S\$56,000) and the revised to the right-of-use assets of approximately S\$20,000 (2022: S\$73,000) in respect of change to reflect changes in market rental rates following a market rent review.

As at 31 December 2023, leasing arrangement from bank and non-financial institution are presented together with bank and other borrowings (Note 27). Details of such leasing arrangements are as below.

	2023 S\$'000	2022 S\$'000
Current	2,177	1,675
Non-current	2,169	2,424
	4,346	4,099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. LEASES (continued)

(i) Amounts recognised in the consolidated statement of financial position (continued)

Information about right-of-use assets classified within property, plant and equipment (Note 14) is disclosed as follows:

	Motor vehicles S\$'000	Plant and machinery S\$'000	Total S\$'000
Year ended 31 December 2023			
Opening net book amount	2,878	2,386	5,264
Additions	1,816	798	2,614
Lease arrangements fully paid	(291)	(253)	(544)
Depreciation	(673)	(803)	(1,476)
Closing net book amount	3,730	2,128	5,858
At 31 December 2023			
Cost	5,239	3,953	9,192
Accumulated depreciation	(1,509)	(1,825)	(3,334)
Net book amount	3,730	2,128	5,858
Year ended 31 December 2022			
Opening net book amount	2,452	2,179	4,631
Additions	1,406	1,333	2,739
Lease arrangements fully paid	(384)	(499)	(883)
Depreciation	(596)	(627)	(1,223)
Closing net book amount	2,878	2,386	5,264
At 31 December 2022			
Cost	4,353	3,874	8,227
Accumulated depreciation	(1,475)	(1,488)	(2,963)
Net book amount	2,878	2,386	5,264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. LEASES *(continued)*

(i) Amounts recognised in the consolidated statement of financial position *(continued)*

During the year ended 31 December 2023, no early termination of lease incurred resulting in derecognition of the carrying amounts of right-of-use assets and lease liabilities (2022: approximately S\$3,000 and S\$3,000 respectively).

The weighted average lease's incremental borrowing rates applied by the Group ranged from 2.35% to 4.56% (2022: Same) per annum.

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

	2023 S\$'000	2022 S\$'000
Depreciation charge of right-of-use assets		
Land	969	701
Office equipment	22	16
	991	717
Interest expense (represented by interests on lease liabilities) (Note 11)	150	155
Interest expense (included in interests on bank and other borrowings) (Note 11)	157	117
Expenses relating to short-term leases and low value assets	29	70
	336	342

Depreciation of the Group's right-of-use assets has been charged to the consolidated statement of comprehensive income as follow:

	2023 S\$'000	2022 S\$'000
Cost of sales	914	642
Administrative expenses	77	75
	991	717

The total cash outflow for leases, excluding expenses relating to short term leases and low value assets, during the year ended 31 December 2023 were approximately S\$3,036,000 (2022: S\$2,174,000). During the year ended 31 December 2023, there were approximately S\$2,081,000 (2022: S\$1,497,000) included in repayments of bank and other borrowings and approximately S\$955,000 (2022: S\$677,000) were presented as principal element of lease payments (Note 33(c)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

27. BANK AND OTHER BORROWINGS

	2023	2022
	S\$'000	S\$'000
Borrowings from bank- secured	28,423	31,256
Borrowings from non-bank financial institution — secured	524	791
	28,947	32,047

As at 31 December 2023, the Group's bank borrowings with carrying amount of approximately S\$20,817,000 (2022: S\$13,861,000) were variable-rate borrowings which carried annual interest ranging from 1.68% to 6.73% (2022: 1.44% to 6.40%) per annum.

The Group's borrowings, after taking into account repayable on demand clause, would be repayable as follows:

	2023	2022
	S\$'000	S\$'000
Within 1 year or on demand	26,778	29,623
After 1 year but within 2 years	1,451	1,265
After 2 years but within 5 years	718	1,159
	28,947	32,047

As at 31 December 2023, approximately of S\$4,346,000 (2022: S\$4,099,000) of the borrowings were financed under hire purchase commitments which are accounted for under IFRS 16. The carrying amounts of related motor vehicles and plant and machinery of approximately S\$3,730,000 and S\$2,128,000 (2022: S\$2,878,000 and S\$2,386,000), respectively, held under hire purchase commitments were pledged as security for the hire purchase commitments (Note 14).

The table below analyses the borrowings financed under hire purchase commitments based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table were payment schedule and the present value of the borrowings as at year end date:

	Within 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Total undiscounted cash flows S\$'000	Present value at 31 December S\$'000
2023	2,315	1,509	747	4,571	4,346
2022	1,787	1,325	1,195	4,307	4,099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

27. BANK AND OTHER BORROWINGS *(continued)*

As at 31 December 2023, the Group's bank borrowings were secured by the investment properties (Note 15), self-occupied properties (Note 14), carrying amount of motor vehicles and plant and machinery held under hire purchase commitments (Note 14), pledged bank deposits (Note 23) and corporate guarantee by the Company (2022: Same).

The weighted average interest rate was 4.51% (2022: 2.86%) as at 31 December 2023.

28. DEFERRED INCOME TAXES

	2023 S\$'000	2022 S\$'000
Deferred income tax assets	9	49
Deferred income tax liabilities	(272)	(131)
Net deferred tax liabilities	(263)	(82)

Movement in net deferred income tax liabilities was as follows:

	2023 S\$'000	2022 S\$'000
At 1 January	(82)	(4)
Tax charged to profit or loss (Note 12)	(181)	(78)
At 31 December	(263)	(82)

Movement in deferred income tax assets and liabilities (offsetting of balances within the same tax jurisdiction) was as follows:

	Accelerated depreciation on property, plant and equipment S\$'000	Temporary differences on provisions S\$'000	Total S\$'000
At 1 January 2023	(265)	183	(82)
Charged to profit or loss	(180)	(1)	(181)
At 31 December 2023	(445)	182	(263)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

28. DEFERRED INCOME TAXES *(continued)*

	Accelerated depreciation on property, plant and equipment S\$'000	Tax losses carry forward S\$'000	Temporary differences on provisions S\$'000	Total S\$'000
At 1 January 2022	(344)	60	280	(4)
Credited/(charged) to profit or loss	79	(60)	(97)	(78)
At 31 December 2022	(265)	–	183	(82)

At the end of the reporting period, the Group has unrecognised unused tax losses arising from a subsidiary of the Company of approximately S\$287,000 (2022: S\$250,000) available for offset against future profits. No deferred tax asset has been recognised by Group in respect of these tax losses due to the unpredictability of future profit streams. All unutilised tax losses can be carried forward indefinitely under the current tax legislation.

At the end of the reporting period, the Group has unrecognised deductible temporary differences of approximately S\$414,000 (2022: S\$335,000). During the year, except for S\$414,000 as disclosed, no deferred tax asset has been recognised in relation to the remaining deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised (2022: Nil).

29. SHARE CAPITAL

	Par value HK\$	No. of shares	Share capital HK\$'000
Authorised:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	0.01	2,000,000,000	20,000
	No. of shares	HK\$'000	S\$'000
Issued and fully paid:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	1,064,000,000	10,640	1,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

30. PARTIALLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2023, there are two subsidiaries which are non wholly-owned by the Group as set out in Note 16 (2022: Same). Below is the summary of financial information of RBS which is a major non-wholly-owned subsidiary with material non-controlling interests. The amounts disclosed below are before any inter-company elimination:

	2023	2022
	S\$'000	S\$'000
NCI percentage	45%	45%
Summarised statement of financial position		
Current assets	10,714	7,873
Non-current assets	1,437	1,813
Current liabilities	(5,443)	(3,502)
Non-current liabilities	(237)	(568)
Net assets	6,471	5,616
Carrying amount of NCI	2,976	2,591
Summarised statement of comprehensive income		
Revenue	13,742	10,003
Profit for the year	1,355	1,149
Total comprehensive income for the year	1,355	1,149
Profit allocated to NCI	610	517

Information of another partially-owned subsidiary is not individually material to disclose.

31. DIVIDENDS

The board of directors does not recommend the payment of final dividend for the year ended 31 December 2023 (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

32. RELATED PARTY TRANSACTIONS

The directors are of the view that the following companies were related parties that had transactions or balances with the Group during the reporting period:

Name of the related party	Relationship with the Group through:
The controlling shareholders as defined in Note 1	Direct/indirect interests
Geenet Pte Ltd	Significant influence by Mr. Ng Choon Wee, son of NTS
Eastern Green Power Pte Ltd	Significant influence by NTS
EGP Smart Energy Pte Ltd	Significant influence by NTS
WGM Resources Sdn Bhd	Significant influence by NTS, NTK, Ms. Phang May Lan and Mr. Chen Teck Men
Futurus Construction Pte Ltd	Joint venture of the Group
SWG Alliance Pte Ltd	Joint venture of the Group
SWG Resources Sdn Bhd	Wholly owned subsidiary of a joint venture of the Group
Tong Seng Concrete Products Trading Pte Ltd	Wholly owned subsidiary of a joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

32. RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with related parties

	2023 S\$'000	2022 S\$'000
Contract work revenue from		
Eastern Green Power Pte Ltd (Note (i))	90	–
EGP Smart Energy Pte Ltd (Note (ii))	220	–
	<hr/>	<hr/>
Sale of goods to		
Eastern Green Power Pte Ltd (Note (i))	(17)	17
EGP Smart Energy Pte Ltd (Note (ii))	17	–
Futurus Construction Pte Ltd	4	3
Geenet Pte Ltd	3	3
	<hr/>	<hr/>
Ancillary support services to		
Eastern Green Power Pte Ltd (Note (i))	34	–
Futurus Construction Pte Ltd	35	33
Geenet Pte Ltd	–*	–
	<hr/>	<hr/>
Sale of property, plant and equipment to		
WGM Resources Sdn Bhd	–	4
	<hr/>	<hr/>
Sub-contracting charges from		
Eastern Green Power Pte Ltd (Note (i))	(2)	–
Futurus Construction Pte Ltd	(39)	(46)
Geenet Pte Ltd	(10)	–
	<hr/>	<hr/>
Raw materials and consumables from		
Tong Seng Concrete Products Trading Pte Ltd	(67)	(68)
	<hr/>	<hr/>
Transportation and vehicle expenses from		
Futurus Construction Pte Ltd	(11)	(21)
	<hr/>	<hr/>
Other operating expenses from		
Geenet Pte Ltd	(23)	(25)
Futurus Construction Pte Ltd	(1)	(1)
	<hr/>	<hr/>

* Less than S\$1,000

Notes:

- (i) This related party is a company which is owned as to 34.3% by NTS, an executive director and one of the Controlling Shareholders, and such related party transaction constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, this is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.
- (ii) This related party is a company which is owned as to 36.1% by NTS, an executive director and one of the Controlling Shareholders, and such related party transaction constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, this is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

32. RELATED PARTY TRANSACTIONS *(continued)*

(b) Balances with related parties

	2023 S\$'000	2022 S\$'000
(i) Trade receivables		
Eastern Green Power Pte Ltd	96	–
WGM Resources Sdn Bhd	4	4
	100	4
(ii) Loan to a joint venture — Non-trade		
SWG Alliance Pte Ltd	600	600

The maximum of outstanding balance of loans to related parties during the year were as follows:

	2023 S\$'000	2022 S\$'000
SWG Alliance Pte Ltd	600	600

	2023 S\$'000	2022 S\$'000
(iii) Trade payables		
Futurus Construction Pte Ltd	8	39
Geenet Pte Ltd	2	4
Tong Seng Concrete Products Trading Pte Ltd	6	13
	16	56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

32. RELATED PARTY TRANSACTIONS *(continued)*

- (c) All balances with related parties were unsecured, interest-free, repayable on demand and denominated in S\$ during the year ended 31 December 2023 (2022: Same).

Except for loan to a joint venture which is unsecured, interest-free, repayable on demand and denominated in S\$, other receivables and payables are trade in nature and will be settled in accordance with the terms of the arrangement.

Transactions with related parties were conducted in the normal course of business at prices and at terms as agreed by the transacting parties.

- (d) As at 31 December 2023, the Group's bank borrowings were secured by the corporate guarantee by the Company (2022: Same). As at 31 December 2023, certain other borrowings of the Group were secured by the personal guarantees by shareholders of one of the subsidiaries of the Company (2022: Same).
- (e) As at 31 December 2023, the Group's performance bonds issued by insurance companies and bank were secured by corporate guarantees by the Company, in exception to personal guarantees to an insurance company provided by the directors of the Company NTS, NTF and NTK (2022: Same).

(f) **Key management compensation**

Key management includes both executive and non-executive directors of the Group. The compensation paid or payable to key management was disclosed in Note 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash generated from operations

	Notes	2023 S\$'000	2022 S\$'000
Cash flows from operating activities			
Profit before income tax		2,521	3,732
Adjustments for:			
Finance income	11	(82)	(24)
Finance costs	11	1,598	1,251
Reversal for impairment of trade receivables and contract assets		(182)	(656)
Foreign exchange (gain)/loss — unrealised		(4)	15
Gain on disposal of property, plant and equipment, net	8	(202)	(182)
Loss on write off of property, plant and equipment, net	8	3	12
Depreciation of property, plant and equipment	14	5,635	5,346
Depreciation of right-of-use assets	26	991	717
Gain on termination on lease	8	—	—*
Fair value gain on investment properties	15	(25)	(280)
Changes in cash surrender value of key management insurance contracts		(1)	(1)
Share of loss in joint ventures	17	729	179
Impairment of investment in a joint venture	17	1,050	—
Operating cash flows before working capital changes		12,031	10,109
Decrease in inventories		13	260
Decrease/(increase) in trade receivables		394	(3,224)
Decrease in deposits, prepayments and other receivables		99	682
Decrease in contract assets, net		3,124	8,036
(Decrease)/increase in trade and retention payables		(2,292)	1,707
Increase/(decrease) in accruals, other payables and provisions		1,156	(290)
Net cash generated from operations		14,525	17,280

* Less than S\$1,000

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

	2023 S\$'000	2022 S\$'000
Net book amount of disposed property, plant and equipment (Note 14)	147	67
Gain on disposal of property, plant and equipment (Note 8)	202	182
Total proceed from disposal of property, plant and equipment	349	249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Cash flow information — Financing activities

This section sets out the movement of liabilities from financing activities for each of the reporting periods.

	Lease liabilities	Bank and other borrowings (excluded bank overdrafts)	Total
	S\$'000	S\$'000	S\$'000
As at 1 January 2022	4,145	37,849	41,994
Financing cash flows			
Interest paid	(155)	(1,074)	(1,229)
Lease payments of principal element	(677)	–	(677)
Proceeds from bank borrowings	–	39,085	39,085
Repayments of hire purchase commitments	–	(1,497)	(1,497)
Repayments of bank borrowings	–	(45,656)	(45,656)
	(832)	(9,142)	(9,974)
Non-cash items			
Interest expenses (Note 11)	155	1,074	1,229
New lease entered (Note 26)	128	–	128
Early termination of leases	(3)	–	(3)
Finance acquisition of other plant and equipment	–	2,266	2,266
	280	3,340	3,620
As at 31 December 2022 and 1 January 2023	3,593	32,047	35,640
Financing cash flows			
Interest paid	(150)	(1,425)	(1,575)
Lease payments of principal element	(955)	–	(955)
Proceeds from bank borrowings	–	21,972	21,972
Repayments of hire purchase commitments	–	(2,081)	(2,081)
Repayments of bank borrowings	–	(25,318)	(25,318)
	(1,105)	(6,852)	(7,957)
Non-cash items			
Interest expenses (Note 11)	150	1,425	1,575
New lease entered (Note 26)	641	–	641
Finance acquisition of other plant and equipment	–	2,327	2,327
	791	3,752	4,543
As at 31 December 2023	3,279	28,947	32,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

34. CAPITAL COMMITMENT

Capital expenditure contracted for as at the end of the reporting period but not recognised in the consolidated financial statements is as follows:

	2023	2022
	S\$'000	S\$'000
Commitments in respect of:		
— Other plant and equipment	325	230

35. CONTINGENCIES

The Group had performance bonds for guarantees of completion of projects issued by insurance companies and a bank amounting to approximately \$10,380,000 as at 31 December 2023 (2022: S\$12,930,000).

The Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to S\$1,780,000 as at 31 December 2023 (2022: S\$1,540,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

36. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

(a) Directors' emoluments

The remunerations of the directors for the years ended 31 December 2023 and 2022 is set out below:

	Fee S\$'000	Salaries S\$'000	Discretionary bonuses S\$'000	Retirement benefit — defined contribution plans S\$'000	Total S\$'000
For the year ended 31 December 2023					
<i>Executive directors</i>					
Ng Tian Soo	25	596	189	11	821
Ng Tian Fah	–	503	140	17	660
Huang Lei (appointed on 25 July 2023)	–	14	–	–	14
	25	1,113	329	28	1,495
<i>Independent non-executive Directors</i>					
Gary Ng Sin Tong (alias Gary Huang Chendong)	21	–	–	–	21
Lee Wing Yin Jessica	21	–	–	–	21
George Christopher Holland	21	–	–	–	21
	63	–	–	–	63
	88	1,113	329	28	1,558
For the year ended 31 December 2022					
<i>Executive directors</i>					
Ng Tian Soo	50	581	177	10	818
Ng Tian Fah	–	490	148	17	655
	50	1,071	325	27	1,473
<i>Independent non-executive Directors</i>					
Gary Ng Sin Tong (alias Gary Huang Chendong)	21	–	–	–	21
Lee Wing Yin Jessica	21	–	–	–	21
George Christopher Holland	21	–	–	–	21
	63	–	–	–	63
	113	1,071	325	27	1,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

36. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

(continued)

(a) Directors' emoluments *(continued)*

The executive directors' emoluments shown above are for their services as of the Company and its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Ng Tian Soo is the chairman and executive director of the Company and his emoluments disclosed above include those for services rendered by him as the chairman and executive director.

* The discretionary bonus is an incentive based on individual performance which has been determined and approved by the remuneration committee.

(b) Directors' retirement benefits

During the year ended 31 December 2023, no retirement benefits were paid to or receivable by any director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking (2022: Nil).

(c) Directors' termination benefits

No payment was made to directors as compensation for early termination of the appointment during the year ended 31 December 2023 (2022: Nil).

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

No payment was made to 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, bodies corporate controlled by, and entities connected with, such directors

Save as disclosed in Note 32, there were no other loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2023 (2022: Nil).

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

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2023 (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

As at 31 December 2023

	Notes	2023 S\$'000	2022 S\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in subsidiaries	16	15,953	15,953
Current assets			
Deposits and prepayments		104	471
Amounts due from subsidiaries		5,646	6,563
Cash at banks and on hand		13	17
		5,763	7,051
Current liabilities			
Other payables and accruals		280	410
		280	410
Net current assets		5,483	6,641
Net assets		21,436	22,594
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	1,915	1,915
Share premium		15,475	15,475
Accumulated losses		(11,187)	(10,151)
Other reserve		15,954	15,954
Exchange reserve		(721)	(599)
Total equity		21,436	22,594

The statement of financial position of the Company was approved by the Board of Directors on 27 March 2024 and were signed on its behalf.

Mr. Ng Tian Soo
Director

Mr. Ng Tian Fah
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

	Share premium S\$'000	Accumulated losses S\$'000	Other reserve S\$'000	Exchange reserve S\$'000	Total S\$'000
As 1 January 2022	15,475	(8,537)	15,954	(590)	22,302
Loss for the year	–	(1,614)	–	–	(1,614)
Other comprehensive loss for the year, net of tax	–	–	–	(9)	(9)
Total comprehensive loss for the year	–	(1,614)	–	(9)	(1,623)
At 31 December 2022 and 1 January 2023	15,475	(10,151)	15,954	(599)	20,679
Loss for the year	–	(1,036)	–	–	(1,036)
Other comprehensive loss for the year, net of tax	–	–	–	(122)	(122)
Total comprehensive loss for the year	–	(1,036)	–	(122)	(1,158)
At 31 December 2023	15,475	(11,187)	15,954	(721)	19,521

Note:

This comprises of the difference between the aggregate carrying amounts of the net assets of WG (BVI) acquired by the Company and the nominal value of the shares issued by the Company pursuant to the Reorganisation.

38. EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Group which have occurred after the year ended 31 December 2023 and up to the date of authorisation for issue of these consolidated financial statement.