SOLIS HOLDINGS LIMITED
守益控股有限公司

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

2022
ANNUAL REPORT

Contents

Corporate Information

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

COMPANY SECRETARY

Mr. Lee Kwok Lun

AUTHORISED REPRESENTATIVES

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
Mr. Lee Kwok Lun

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

85 Tagore Lane
Singapore 787527

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

INDEPENDENT AUDITOR

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

Partner-in-charge: Mr. Chan Sek Wai (A practising member of the Institute of Chartered Accountants of Singapore) (Date of appointment: Since financial year ended 31 December 2021)

Corporate Information *(continued)*

PRINCIPAL BANKERS

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

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

STOCK CODE

2227

COMPANY WEBSITE

www.TheSolisGrp.com

Chairman's Statement

Dear Shareholders,

Our behalf of the board (the "Board") of directors (the "Directors") of Solis Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I would like to present to our shareholders the annual report of the Group for the year ended 31 December 2022 (the "Year").

2022 was a year marked by considerable challenges. Even as much of the world recovered from the COVID pandemic, geopolitical stability was shaken by the conflict in Ukraine. Businesses grappled with energy price volatility, higher inflation, supply chain disruptions and rising interest rates.

The Group has also adopted a more prudent approach in tendering for new projects in view of the above headwinds and volatility of the market. The Group has to cope with the lower gross profits due to the probable cost overrun of the ongoing projects and the intense competition from other contractors for new projects. The Group will continue to pay close attention to the macroeconomic environment and implement contingency plans in a timely manner, while it continues to ensure smooth progress of its projects and practice tight cost controls. The Group will be well-equipped to rise to new challenges that may appear and will remain dedicated to preserving its market leadership while creating greater value for its shareholders. We will continue to stay competitive and enhance productivity through skills upgrading and the adoption of innovation and technology to enhance our efficiency.

Looking forward to 2023, the construction sector continues to operate at below pre-pandemic level due to labour shortages. While the labour shortage issue was slightly mitigated by the government's worker retention scheme, the high cost of recruiting migrant workers and increased cost of materials, and other construction related cost would lead to higher construction costs. We will focus on ensuring the smooth operational progress of our projects and utilisation of government grants and assistance.

We will continue to practise prudent balance sheet management, and managing working capital to ensure liquidity, while being mindful of operational expenditure. Operationally, we are constantly striving to improve our work methods, and the skills and capabilities of our people.

I would like to take this opportunity to express my sincere gratitude to my fellow Directors, the management team and staff for their diligence, commitment and contributions throughout the years, and to the shareholders, business partners and suppliers for their trust and support.

Tay Yong Hua
Executive Chairman and Executive Director

Singapore, 29 March 2023

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

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

It has been more than two years into the Coronavirus Disease 2019 ("COVID-19") pandemic. Singapore has transited to living with COVID-19 with the progressive removal of its domestic and border restrictions. This has in turn supported the recovery from the impact of the pandemic. With the shortfall in resources, fluctuating raw material costs, project delays, and supply chain issues blowing budgets out and leading to sectoral insolvencies, the past two years have brought incredible and unprecedented challenges to the industry.

While the construction industry is slowly recovering, current macroeconomic and geopolitical factors, inevitably raise new issues for the construction industry in Singapore. Although the outlook for the construction industry is upbeat, it remains vulnerable and volatile. Supply chain disruptions, labour and material shortages and the resultant cost pressures remain the most pressing issues as these will affect tender pricings which in turn lead to much lower profit margins and hence affecting the financial performance of the Group.

The Ministry of Trade and Industry of Singapore (the "MTI") reported on 13 February 2023 that the Singapore economy improved by 3.6 per cent in 2022. MTI estimated that the GDP growth forecast for 2023 is "0.5 to 2.5 per cent". Specifically, the construction sector grew by 10.0 per cent year-on-year, faster than the 8.1 per cent growth in the third quarter, as both public and private sector construction output increased. However, the Group is mindful of the challenges ahead such as high inflation, interest rate hikes which are expected to put upward pressure on operating costs.

The Group needs to be more astute now and always factor in other cyclical economic and business uncertainties bringing us as close to predicting the future as possible. Being future-ready is the key to sustained momentum and long-term growth. The Group has also adopted a more prudent approach in tendering for new projects in view of the above headwinds and volatility of the market. The Group has to cope with the lower gross profits due to the probable cost overrun of the ongoing projects and the intense competition from other contractors for new projects. The Group will continue to pay close attention to the macroeconomic environment and implement contingency plans in a timely manner, while it continues to ensure smooth progress of its projects and practice tight cost controls. The Group will be well-equipped to rise to new challenges that may appear and will remain dedicated to preserving its market leadership while creating greater value for its shareholders.

For the year ended 31 December 2022, the Group's revenue decreased by approximately 6.2% to approximately S$13.7 million as compared to approximately S$14.6 million recorded in the last financial year. The decrease in revenue was mainly attributable to lesser construction activities performed during the year as compared with the corresponding year. Our gross profit decreased by approximately S$0.9 million, from approximately S$3.0 million for the year ended 31 December 2021 to approximately S$2.1 million for the year ended 31 December 2022.

Completed projects

During the year ended 31 December 2022, the Group completed two projects with an aggregated contract value of approximately S$7.2 million.

Ongoing projects

As at 31 December 2022, the Group had five ongoing projects (excluding the newly awarded joint venture project) with an aggregate contract sum of approximately S$55.7 million, of which approximately S$12.7 million had been recognised as revenue as at 31 December 2022. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

Newly awarded project

During the year ended 31 December 2022, the Group has secured a newly awarded project with an aggregate contract value of approximately S$139.0 million. An unincorporated contractual joint venture is formed to undertake this newly awarded project with an independent third party in the agreed proportion of 70:30 respectively. Please refer to the Company's announcement dated 22 April 2022 and Note 16 to the consolidated financial statements of the Group for more details.

FINANCIAL HIGHLIGHT AND REVIEW

	For the year ended 31 December		
	2022	2021	Change
	S$' million	S$' million	%
Revenue	**13.7**	14.6	-6.2%
Gross profit	**2.1**	3.0	-30.0%
Gross profit margin	**15.3%**	20.5%	-5.2%
Net loss	**(0.9)**	(4.0)	-77.5%
Loss per share (S$) cents	**(0.10)**	(0.44)	-77.3%

Revenue

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

	For the year ended 31 December					
	2022			2021		
	Number of projects with revenue contribution	**S$' million**	**% to total revenue**	Number of projects with revenue contribution	S$' million	% to total revenue
Private sector projects	**2**	**5.5**	**40.1**	3	3.8	26.0
Public sector projects	**5**	**8.2**	**59.9**	5	10.8	74.0
Total	**7**	**13.7**	**100.0**	8	14.6	100.0

Our revenue decreased by approximately S$0.9 million or 6.2%, from approximately S$14.6 million for the year ended 31 December 2021 to approximately S$13.7 million for the year ended 31 December 2022. Such decrease was mainly due to a public sector project which was completed during the year ended 31 December 2021, hence there is no revenue contribution for the year. Further, 2 of the ongoing public sector projects are in the initial phase and hence lesser construction activities performed.

Cost of services

Our cost of services remained the same for both years at approximately S$11.6 million.

Gross profit and gross profit margin

Our gross profit decreased by approximately S$0.9 million, from approximately S$3.0 million for the year ended 31 December 2021 to approximately S$2.1 million for the year ended 31 December 2022. Our gross profit margin decreased from a gross profit margin of approximately 20.5% for the year ended 31 December 2021 to a gross profit margin of approximately 15.3% for the year ended 31 December 2022. The decrease in gross profit margin is mainly attributable to the current ongoing projects which have lower profit margins as compared to the corresponding period.

Other income and other losses – net

Other income increased by approximately S$1.9 million, from approximately S$0.9 million for the year ended 31 December 2021 to approximately S$2.8 million for the year ended 31 December 2022. Such increase was mainly attributable from the increase in interest income from banks, rental income and management fee income changed to joint venture which is offset by lesser government subsidies granted from the Singapore Government to assist business to defray the cost caused by the COVID-19 pandemic.

Other losses – net decreased by approximately S$3.7 million, from approximately S$ 3.7 million for the year ended 31 December 2021 to approximately S$20,000 for the year ended 31 December 2022. This is due to lower fair value loss on financial asset at fair value through profit or loss for the financial year ended 31 December 2021.

Administrative expenses

The administrative expenses of the Group increased by approximately S$0.9 million or 20.9%, from approximately S$4.3 million for the year ended 31 December 2021 to approximately S$5.2 million for the year ended 31 December 2022. Such increase was mainly due to the depreciation expense from the right-of-use assets, professional fees incurred and the increase in staff costs during the year.

Finance costs

The finance costs of the Group comprised of interest expenses bank borrowing to finance the new leasehold property purchased during the year and lease liabilities.

Tax expense

As the Group did not record any assessable profits for both years, there was no income tax expense recorded.

Loss for the year

Loss for the year ended 31 December 2022 decreased by approximately 77.5% to approximately S$0.9 million from approximately S$4.0 million for the year ended 31 December 2021.

Final dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

Liquidity and financial resources

The Group practiced prudent financial management and maintained a strong and sound financial position during the year ended 31 December 2022. As at 31 December 2022, the Group had cash and bank balances of approximately S$24.0 million (2021: approximately S$14.0 million) and available unutilised banking facilities of approximately S$3.5 million (2021: approximately of S$4.8 million).

As at 31 December 2022, the Group's indebtedness comprised bank borrowing and lease liabilities denominated in Singapore dollars of approximately S$6.1 million (2021: Nil).

The Group's current ratio was approximately 2.0 times (2021: approximately 3.8 times) and gearing ratio was approximately 12.1% (2021: Nil%). The increase in the gearing ratio was mainly due to the bank borrowing to finance the new leasehold property purchased during the year.

Pledge of assets

As at 31 December 2022, the Group had pledged fixed deposits of approximately S$1.7 million (2021: approximately S$0.2 million) to secure the banking facilities granted to the Group. The Group's two owned properties with a fair value amounted to approximately S$23.0 million (2021: one owned property with a fair value amounted to approximately S$13.5 million) were pledged under a mortgage to secure the banking facilities with a bank.

Exposure to foreign exchange rate risks

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains some proceeds from the Listing in Hong Kong dollars amounting to approximately S$0.7 million (2021: approximately S$1.0 million) that are exposed to foreign exchange rate risks.

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

Capital structure

As at 31 December 2022, there has been no change to the capital structure of the Company. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations and bank facilities.

Contingent liabilities and capital commitments

As at 31 December 2022, the Group did not have any material contingent liabilities and capital commitments (2021: Nil).

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the year, the Company's operating subsidiary together with a third party have agreed to form an unincorporated contractual joint venture business solely to undertake the performance of the works and completion of a project in the agreed proportion of 70:30 respectively. Please refer to the Company's announcement dated 22 April 2022 for more details.

Save as disclosed above, the Group did not have any other material acquisitions nor disposals of subsidiaries and affiliated companies during the year ended 31 December 2022.

Significant investments held and principal properties

Save for those disclosed below and in relation to the financial assets at fair value through other comprehensive income, financial asset at fair value through profit or loss and properties held by the Group, as at 31 December 2022, the Group did not have any other investment in equity interest in any other company.

Significant investment held

The Group has acquired 49% interest in D.D. Resident Co., Ltd, which is the owner and operator of a hotel property, Aiyaree Place Hotel in Pattaya, Thailand on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to S$10,069,000) (the "Investment"). The Investment was recorded as financial asset at fair value through profit or loss according to IFRS 9 *Financial Instruments*. As at 31 December 2022, the fair value of the Investment was approximately S$4,237,000 (2021: S$4,326,000) and accounted for around 6.1% (2021: 7.7%) of the Group's total assets. During the financial year, the Group has recognised a fair value loss of approximately S$89,000 (2021: S$5,743,000) from changes in the fair value of the Investment. At the time of acquisition of the Investment, the Company intended to broaden its asset diversity and offset the risks arising from regional operation under the sluggish market conditions in Singapore in recent years. The Company will closely monitor the developments and take appropriate actions to adjust its investment strategies and ensure continuous growth of the investment and profit of the Group.

Employees and remuneration policies

As at 31 December 2022, the Group had a total of 144 employees (2021: 142 employees), including executive Directors. Total staff costs (including Directors' emoluments) were approximately S$6.1 million for the year ended 31 December 2022 (approximately S$5.6 million for the year ended 31 December 2021).

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

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

Future plans for material investment and capital assets

The Group does not have any other plans for material investments and capital assets as at 31 December 2022.

Biographical Details of the Directors of the Company and Senior Management

EXECUTIVE DIRECTORS

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

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

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

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

Please refer to the section headed "Report of the Directors – Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report for Mr. Tay Yong Hua's interest in the shares of the Company (the "Shares") as at 31 December 2022 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO").

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) ("Mr. Teo"), aged 50, was re-appointed as an executive Director and the chief executive officer of the Company (the "Chief Executive Officer") on 23 June 2020. He is also the authorised representative, the chairman of the corporate governance committee of the Company (the "Corporate Governance Committee") and a member of the nomination committee of the Company (the "Nomination Committee"). Mr. Teo is also the director of certain subsidiaries of the Company.

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

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

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

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

Please refer to the section headed "Report of the Directors – Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report for Mr. Teo's interest in the Shares as at 31 December 2022 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Garnok ("Mr. Cheung"), aged 47, was appointed as an independent non-executive Director on 11 June 2019. He is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee.

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

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

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

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

Mr. Choong Pei Nung ("Mr. Choong"), aged 58, was appointed as an independent non-executive Director on 21 October 2022. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Corporate Governance Committee.

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

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

Mr. Kwong Choong Kuen (Huang Zhongquan) ("Mr. Kwong"), aged 50, was appointed as an independent non-executive Director on 23 June 2021. He is also the chairman of the Nomination Committee and a member of each of the Audit Committee and the Corporate Governance Committee.

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

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

Please refer to the section headed "Report of the Directors – Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report for Mr. Kwong's interest in the Shares as at 31 December 2022 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

SENIOR MANAGEMENT

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

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

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

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

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

Ms. Chan Huishan ("Ms. Chan"), aged 36, joined the Group in January 2017 as the chief financial officer of the Company (the "Chief Financial Officer"). She is responsible for financial planning, accounting operations & reporting, taxation and internal control systems of our Group. Ms. Chan has extensive experience in accounting and auditing. Prior to joining our Group, Ms. Chan worked at Deloitte & Touche LLP in the audit department between December 2010 and December 2016 where she led various audit teams in providing audit and assurance services. The last position that Ms. Chan held in Deloitte & Touche LLP was audit manager. Prior to that, she worked at Crowe Horwath LLP, Singapore as a staff accountant and later as an audit senior between July 2008 and November 2010 where she carried out audit for both private and public companies (including companies listed in Singapore).

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

Report of the Directors

The Board have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

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

RESULTS AND BUSINESS REVIEW

The results of the Group for the Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 88 in this report. The business review of the Group for the Year is set out in the section headed "Management Discussion and Analysis" on pages 5 to 9 in this report. This discussion forms part of the report of the Directors.

ENVIRONMENT POLICIES AND PERFORMANCE

Discussion on the environmental policies and performance is set out in the section headed "Environmental, Social and Governance Report" on pages 40 to 81 in this report. This discussion forms part of the report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

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

RELATIONSHIP WITH KEY PARTIES

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

Customers

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

Suppliers and subcontractors

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

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

Employees

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

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

Shareholders

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 30 to the consolidated financial statements of the Group.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 91 and note 38 to the consolidated financial statements of the Group.

The Company did not have distributable reserves as at 31 December 2022, calculated under the Companies Law, Cap 22 (Law 3 of 2961, as consolidated and revised) of the Cayman Islands, as it has accumulated losses. However, the Company's share premium amount may be distributed as dividends provided that immediately following the date of which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Year (2021: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, charitable and other donations made by the Group amounted to S$11,160 (2021: S$7,244).

PRE-EMPTIVE RIGHTS

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors who held office during the Year and up to the date of this report are:

Executive Directors:

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

Non-executive Director:

Mr. Lu Xianglong (retired on 17 June 2022)

Independent Non-executive Directors:

Mr. Cheung Garnok
Ms. Zhang Xiuyan (retired on 17 June 2022)
Mr. Choong Pei Nung (appointed on 21 October 2022)
Mr. Kwong Choong Kuen (Huang Zhongquan)

In accordance with the Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation. Mr. Tay Yong Hua and Mr. Kenneth Teo Swee Cheng will retire from office and, being eligible, offer themselves for re-election as Directors, at the forthcoming annual general meeting of the Company (the "AGM").

In accordance with the Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Mr. Choong Pei Nung (who was appointed by the Board as an independent non-executive Director with effect from 21 October 2022) will retire as Director and, being eligible, offer himself for re-election as Director at the forthcoming AGM.

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

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

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

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

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

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

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

NON-COMPETITION UNDERTAKING

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

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

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

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 158. This summary does not form part of the consolidated financial statements of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

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

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

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

EMOLUMENT POLICY

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

DIRECTORS' EMOLUMENTS

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

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

PERMITTED INDEMNITY PROVISIONS

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

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

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

During the Year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

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

As at 31 December 2022, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to standards of dealing by Directors contained in the Listing Rules, were as follows:

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

(i) Interests in the Company

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

Notes:

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

2. Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) holds 4% shares in HMK and he is deemed to be interested in the 529,792,000 shares held by HMK under the SFO.

(ii) Interests in the associated corporation

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

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to standards of dealing by Directors contained in the Listing Rules.

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

As at 31 December 2022, the following persons/entities (not being Directors or chief executive of our Company) have an interest or a short position in the shares or the underlying shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

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

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

Notes:

1. The 529,792,000 shares are beneficially held by HMK which is owned as to 90% by Mr. Tay Yong Hua, 6% by Mr. Tay Yong Meng and 4% by Mr. Teo, and they are deemed to be interested in 529,792,000 shares held by HMK by virtue of the SFO.

2. Mr. Tay Yong Meng holds 6% shares in HMK and he is therefore deemed to be interested in the 529,792,000 shares held by HMK under the SFO.

3. Ms. Lim, the spouse of Mr. Tay Yong Hua, is deemed to be interested in the interests held by Mr. Tay Yong Hua under the SFO.

4. According to the individual substantial shareholder notice filed on 8 April 2020 by Mr. Zheng, 67,073,714 shares are beneficially held by him.

Save as disclosed above, as at 31 December 2022, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

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

SHARE OPTION SCHEME

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

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

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

(a) the nominal value of a Share;

(b) the closing price of the Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of the Share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

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

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

As at 31 December 2022 and up to the date of this report, there was no option outstanding, granted, cancelled, exercised or lapsed.

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

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

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 98.8% (2021: 88.0%) of the total revenue. The top five suppliers accounted for approximately 27.1% (2021: 16.9%) of the total purchases for the Year. In addition, the Group's largest customer accounted for approximately 35.7% (2021: 48.8%) of the total revenue and the Group's largest supplier accounted for approximately 12.9% (2021: 5.5%) of the total purchases for the Year.

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

RELATED PARTIES TRANSACTIONS

During the Year, details of the significant related party transactions undertaken in the normal course of business are set out in the note 33 to the consolidated financial statements, and none of which constitutes a disclosable connected transaction as defined under the Listing Rules.

CONNECTED TRANSACTIONS

During the Year, the Company has no connected transaction which is subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on 13 June 2023 (Tuesday) and the notice convening such meeting will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 June 2023 (Thursday) to 13 June 2023 (Tuesday) (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on 7 June 2023 (Wednesday).

RETIREMENT SCHEME

The Group participates in the Central Provident Fund in Singapore which is a defined contribution retirement plan, when employees have rendered service entitling them to the contributions. Save as the aforesaid, the Group did not participate in any other pension schemes during the Year. No forfeited contributions were used to reduce the level of contributions for the Year and no forfeited contribution was available at 31 December 2022 to reduce future years' contributions.

AUDITORS

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

By Order of the Board
Solis Holdings Limited

Tay Yong Hua
Executive Chairman and Executive Director

Singapore, 29 March 2023

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

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

Following the retirement of the then independent non-executive Director, namely Ms. Zhang Xiuyan at the AGM held on 17 June 2022, the number and composition of independent non-executive directors failed to meet the requirements under (i) Rule 3.10(1) of the Listing Rules which require the board of directors must include at least 3 independent non-executive directors; (ii) Rule 3.21 of the Listing Rules which requires the audit committee to comprise a minimum of three members; and (iii) Rule 3.25 of the Listing Rules which requires the remuneration committee to be chaired by an independent non-executive director and comprising a majority of independent non-executive directors. The Company has taken actions in identifying suitable candidate and following the appointment of Mr. Chong Pei Nung on 21 October 2022, the Company has fully complied with the requirements under Rules 3.10(1), Rule 3.21 and Rule 3.25 of the Listing Rules. For details, please refer to the announcements of the Company dated 17 June and 21 October 2022.

Save as disclosed above, the Board considers that the Company has fully complied with all the applicable principles and the code provisions as set out in the CG Code for the Year.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

THE BOARD OF DIRECTORS

Responsibilities

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

Composition

During the Year and as of the date of this annual report, the composition of the Board is as follows:

Executive Directors:

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

Non-executive Director:

Mr. Lu Xianglong (retired on 17 June 2022)

Independent Non-executive Directors:

Mr. Cheung Garnok
Mr. Choong Pei Nung (appointed on 21 October 2022)
Mr. Kwong Choong Kuen (Huang Zhongquan)
Ms. Zhang Xiuyan (retired on 17 June 2022)

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

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

Chairman and Chief Executive Officer

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

Confirmation of Independence

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

Appointment and Re-election of Directors

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

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

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

Board Meetings

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

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

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

Here below are details of all Directors' attendance at the board meetings, board committee meetings and general meeting held during the Year:

	Board meetings attended/ eligible to attend	Audit Committee meetings attended/ eligible to attend	Remuneration Committee meeting attended/ eligible to attend	Nomination Committee meeting attended/ eligible to attend	Corporate Governance Committee meeting attended/ eligible to attend	General meeting attended/ eligible to attend
Executive Directors						
Mr. Tay Yong Hua	3/4	N/A	1/1	N/A	N/A	0/1
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)	4/4	N/A	N/A	1/1	1/1	1/1
Non-executive Director						
Mr. Lu Xianglong (retired on 17 June 2022)	1/1	N/A	N/A	N/A	N/A	1/1
Independent non-executive Director						
Mr. Cheung Garnok	4/4	3/3	1/1	1/1	N/A	1/1
Ms. Zhang Xiuyan (retired on 17 June 2022)	1/1	1/1	1/1	N/A	1/1	1/1
Mr. Choong Pei Nung (appointed on 21 October 2022)	1/1	1/1	0/0	N/A	0/0	0/0
Mr. Kwong Choong Kuen (Huang Zhongquan)	4/4	3/3	N/A	1/1	1/1	1/1

Induction and Continuous Professional Trainings of Directors

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

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

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

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

As of 31 December 2022, all the existing Directors, namely Mr. Tay Yong Hua, Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing), Mr. Cheung Garnok, Mr. Choong Pei Nung and Mr. Kowng Choong Kuen (Huang Zhongquan) had participated in continuous professional development training such as external seminars, trainings, workshops, informative talk and/or reading materials relevant to the director's duties and responsibilities or the Group's business, to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors also understand the importance of continuous professional trainings and are committed to participating in any suitable trainings to develop and refresh their knowledge and skills.

BOARD COMMITTEES

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

Audit Committee

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

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

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

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

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

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

During the Year, the Audit Committee held three meetings. Details of the attendance of the members of the Audit Committee are set out under the sub-heading "Directors' Attendance at Board/Board Committee/and General Meetings" above.

The summary of work of the Audit Committee meeting held during the Year is as follows:

– To meet with the external auditors, review and make recommendation to the Board for approving the annual financial statement of the Group;

– To review the unaudited interim results of the Group;

– To review the terms of engagement and make recommendation to the Board for the re-appointment of the Company's auditors, subject to the Shareholders' approval at the AGM;

– To review the non-competition undertaking by the Controlling Shareholders; and

– To review the Company's risk management and internal control systems.

Remuneration Committee

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

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

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

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

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

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

The summary of work of the Remuneration Committee meeting held during the Year is as follows:

– To review and recommend to the Board on the Group's remuneration policy and strategy;

– To review and recommend to the Board on the remuneration packages of the executive Directors and the senior management of the Group; and

– To review and recommend to the Board on the Directors' fees of the independent non-executive Directors.

Details of the emoluments paid to the Directors and the highest paid individuals for the Year are set out in note 8 to the consolidated financial statements.

Nomination Committee

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

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

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

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

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

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

The summary of work of the Nomination Committee meeting held during the Year is as follows:

– To review the existing Board's structure, size and composition;

– To review the board diversity policy;

– To review the nomination policy;

– To review and assess the independence of the independent non-executive Directors; and

– To make recommendations to the Board on the retiring Directors.

Board Nomination Policy

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

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

Nomination Process

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

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

Selection Criteria

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

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

Board Diversity Policy

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

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

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

Composition of the Diversified Board

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

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

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

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

Corporate Governance Committee

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

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

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

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

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

The statement of the auditors about their reporting responsibilities is set out in the "Independent Auditor's Report" on pages 82 to 87 of the consolidated financial statements.

VIEWS OF THE BOARD AND AUDIT COMMITTEE ON QUALIFIED OPINION

Except for the possible effects of the matter described in the Basis for Qualified Opinion section of the Independent Auditor's Report, the consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

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

The Company has previously arranged for audit to be performed on the investee in February 2021, however, the investee's finance department was unable to produce quality financial information on a timely basis and therefore the auditors were unable to perform satisfactory procedures on the investee, which led to the audit qualification.

In 2021, the management had requested for operational and financial updates, however, the vendors of the investee rejected to provide such updates, giving the reason that the Company has yet to fully pay the investment (i.e., HKD12.6 million (S$2.2 million equivalent)). The management has withheld the payment mainly because the vendors were not cooperative in which for the financial year ended 31 December 2020, 2021 and 2022, they were unable to furnish accurate and complete financial figures to our auditors to complete the audit which also led to the audit qualification in 2020, 2021 and 2022.

In the previous financial year, the management sought professional legal advice from an independent consultant and legal firm in Thailand. In January 2022, the Group served two legal notices respectively to (1) the vendors of the investee for the breach of various terms and conditions included in the SPA and (2) investee for the failure to send notice of meetings to the Group for the approval of audited accounts and appointment of new director. There has been no further update since the two legal notices are served until the date of this annual report.

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

Without significant influence over the management of the investee and in the absence of updated financial information from them, the management believes that it is appropriate for the investment to continue to be valued as financial asset at fair value through profit or loss ("FVTPL").

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

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

The Company's Action to Address the Qualified Opinion and Removal of the Qualified Opinion in 2023 Financial Statements

The management is continuing to liaise with the legal professionals and intend to seek potential lawsuits against the vendors and investee in due course. If the Company is able to resolve the existing issues with the vendors, matters raised in the Audit Qualification, and the auditor is able to satisfy themselves on the audit assertions and appropriate accounting treatments to the investment in the Investee, the Qualified Opinion would then be removed. Due to the uncertainty of the current situation, the auditor and Audit Committee are not able to commit on the removal of the Qualified Opinion.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness annually, while the management are responsible for implementing and maintaining the internal controls systems that covers governance, compliance, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Procedures are in place to identify major business risks and evaluate potential financial implications.

The internal control system is reviewed on an ongoing basis by the Board and the Audit Committee through engaging independent consultant.

During the Year, the Audit Committee, through the engagement of Crowe Horwath First Trust Risk Advisory Pte Ltd. ("Crowe Horwath"), reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group established by the Group for the period from 1 January 2022 to 31 December 2022, including the following:–

– Sales;

– Account receivable and collection; and

– Human resource and payroll

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

Based on the review for the period from 1 January 2022 to 31 December 2022 on the risk management and internal control systems of the Group provided by Crowe Horwath, the Audit Committee reported such findings to the Board. In addition, the Board had received confirmation from the management for the Year that:

– The financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and

– The risk management and internal control systems of the Group are effective.

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

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

Internal Audit

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

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

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

Inside Information

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

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

External Auditors' Remuneration

During the Year, the Company engaged Baker Tilly TFW LLP as the external auditors. Their fees in respect of the audit services and non-audit services provided for the Year amounted to S$117,500 (2021: S$105,000) and S$4,300 (2021: S$4,000) respectively.

COMPANY SECRETARY

The Company appointed Mr. Lee Kwok Lun ("Mr. Lee"), an external service provider, as the Company Secretary. Ms. Chan Huishan, the Chief Financial Officer, is the primary contact person to Mr. Lee at the Company in respect of any compliance and company secretarial matters of the Company. During the Year, Mr. Lee, has undertaken over 15 hours' professional training to update his skill and knowledge in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Way by Which Shareholders Can Convene Extraordinary General Meeting

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

The Procedures for Putting Forward Proposals at Shareholders' Meetings

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

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

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

The Procedures for Sending Enquiries to the Board

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

INVESTOR RELATIONS

Communication with Shareholders and Investors

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

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

The forthcoming AGM is scheduled to be held on 16 June 2023. At the AGM, the chairman of the Board as well as chairman of each of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees shall attend to answer questions from the Shareholders at the AGM. The representatives of the external auditors shall also present and available to answer questions at the meeting.

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

Constitutional Documents

During the Year, there has been no changes in the constitutional documents of the Company.

POLICY ON PAYMENT OF DIVIDENDS

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

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

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

Singapore, 29 March 2023

Environmental, Social and Governance Report

HIGHLIGHTS

Message from board

We are honored to present Solis Holdings Limited's Environmental, Social, and Governance ("ESG") Report for the financial year ended 31 December 2022 ("FY2022"). Our company and its subsidiaries are committed to providing the highest quality electrical and mechanical solutions to our customers. We are proud to report that our continued commitment to excellence has been recognized with several prestigious awards. Notably, we received the Silver Award for SCAL Workplace Safety Health Award for SLOTS Registered Contractors 2022, as well as Environment, Health and Safety ("EHS") Safety Awards from a client for contributing one million injury-free manhours.

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

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

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

About this report

Solis Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are committed to achieving a balance between profitability and sustainability. Our ESG report provides stakeholders with a summary of our environmental and social related impacts arising from its business operation as well as the initiatives we have implemented to achieve a balance between profitability and sustainability.

Reporting framework and boundary

The ESG report has been prepared in compliance with the ESG Reporting Guide set out in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited ("HKEX"). This report covers our business in the design, build, and installation of mechanical and electrical systems for general building construction in Singapore. The reporting period is the fiscal year ending 31 December 2022.

Restatement

We have updated the Grid Emission Factor ("GEF") used to calculate both the total carbon footprint and the carbon footprint intensity of our scope 2 emissions, using the most up-to-date information available. This has resulted in the restatement of the reported carbon footprint and carbon footprint intensity for FY2020 and FY2021.

Sustainability contact

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

- General enquiries at Enquiries@TheSolisGrp.com
- Company's website at http://www.TheSolisGrp.com

Other information

Please also refer to the following:

- Appendix A: Sustainability Scorecard
- Appendix B: GRI Content Index
- Appendix C: ESG Reporting Guide Content Index
- Appendix D: Methodologies and Data Boundaries

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

Approach to ESG strategy and reporting

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

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

The Board of Directors is responsible for ensuring the integrity of our ESG report. The Board of Directors has reviewed and approved the report. To the best of its knowledge, this report adequately addresses the material issues and fairly presents the environmental and social performances of the Group.

- Environmental
- Employment and labour practices
- Operating practices
- Social contribution

ESG governance structure

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

To ensure that sustainability issues are given the highest level of attention, the Group designed the following ESG Governance Structure. This structure is designed to govern the Group's sustainability performance and ensure that we are held accountable for our actions.

Leadership

- The Board of Directors establishes sustainability while the Management sees through the implementation of the framework.

Organisers

- The Chief Financial Officer is charged with organising and coordinating the CSR initiatives of all departments within the subsidiary

Executives

- Relevant heads of various departments are responsible for the implementation of CSR initiatives.

Stakeholder engagement

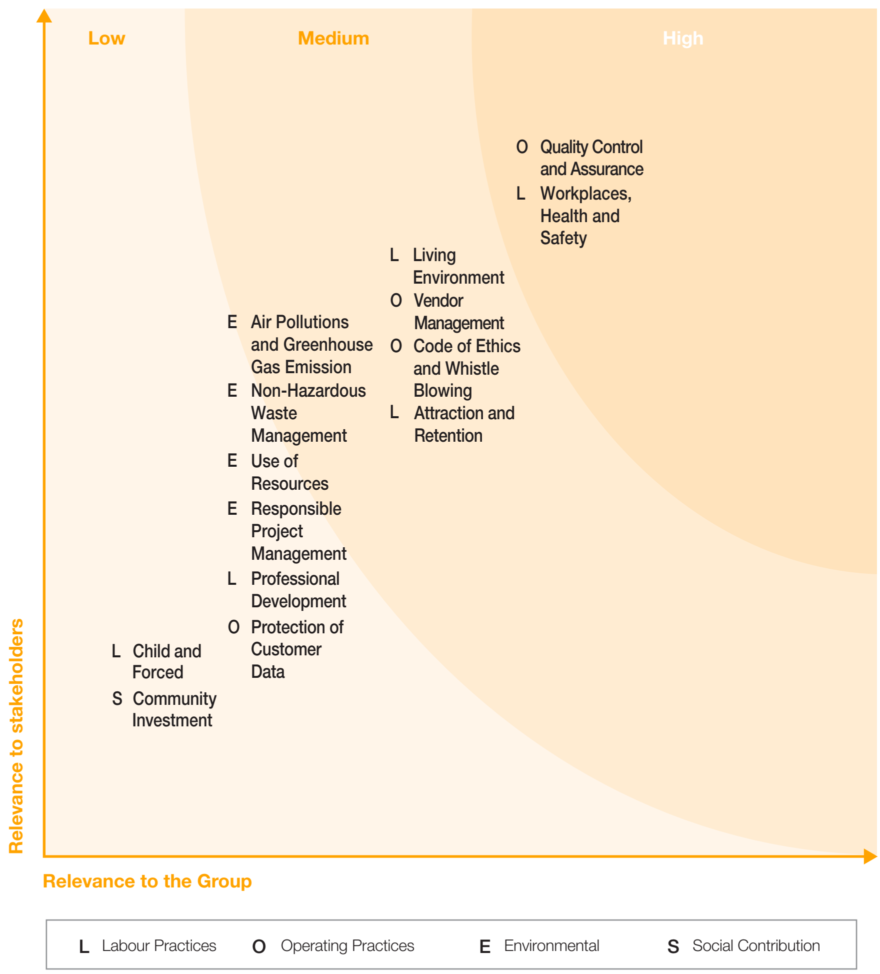
The Group engages both internal and external stakeholders on a regular basis with the goal to strengthen its sustainability approach and performance of the Group. An overview of our approach and key feedback is set out in the table below:

Stakeholder	How we engage	How frequently do we engage	Key feedbacks
Employees	Performance appraisal Employee training and development Feedback to supervisor Site meeting and discussion	Annual Ad-hoc Ad-hoc Monthly	• Employee safety and health • Training and development opportunities • Remunerations and welfares • Fair and competitive employment practices
Customers	Quality management system Project progress monitoring Customer feedback channels	Perpetual Monthly Ad-hoc	• High quality and reliability of our services • Timely response to customer complaints • Data privacy and confidentiality
Suppliers	Supplier meetings	Ad-hoc	• Fair and robust procurement system • Prompt payment cycles
Investor	Annual/Extraordinary general meeting Financial result announcements HKEX announcements Annual report	Annual Bi-annual Ad-hoc Ad-hoc	• Return on investment • Business growth • Compliance with listing requirements • Timely and transparent reporting
Government/ regulatory authorities	Meetings, briefings and regular reporting Correspondences through emails and letters	Ad-hoc Ad-hoc	• Compliance with laws and regulations • Safe working environment • Environmentally sustainable business practices
The community	Donations to the local communities ESG reporting	Annual Annual	• Contribution to the local community • Sustainable use of resources • Reduction of air and waste pollution

Materiality assessment

During the year, the management of the Group has dedicated significant time and resources to identify and address the key environmental, social and governance issues that are critical to the success of the business. We have actively engaged with our stakeholders to understand their concerns and expectations regarding sustainability, and we have carefully considered this feedback in our decision-making processes.

Through a rigorous and comprehensive prioritisation exercise, we have identified 14 key areas that are critical to the sustainability of the Group. These areas have been selected based on their importance to our stakeholders as well as their potential impact on the business.



The relevant and required disclosures are presented in the following sections.

Our performance

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

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

Metrics and targets

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

Commitments

To ensure we have a robust sustainability programme in place, we have included the key commitments for each area of our sustainability strategy. The progress we have made against each key commitment is indicated using the symbols shown in the table below.

We track and review our sustainability programme with the Board of Directors at least once a year.

Symbols used to indicate progress against commitments

Ⓝ New commitment	Not started	In progress	Complete	Ongoing commitment

Supporting United Nations Sustainable Development Goals (UN SDGs)

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

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

Goals | **How we support**

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

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

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

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

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

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

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

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

For our commitment, please refer to "**Aspect A1: Emissions**".

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

ENVIRONMENTAL

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

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

Aspect A1: Emissions

Legal Compliance

The Group has complied with all relevant environmental laws in Singapore, where the Group operates. In FY2022, the Group was not in violation of any relevant laws and regulations relating to waste gas or GHG emissions, water or land discharging, and hazardous or non-hazardous wastes.

Air pollutions and GHG emissions

Climate change presents considerable and authentic hazards that demand immediate and decisive action. The surge in atmospheric carbon emissions is inducing a warming phenomenon, which has the potential to yield catastrophic consequences for our planet. It is widely agreed upon by the scientific and policy-making communities that it is of utmost importance to evaluate and tackle these hazards with precision and determination. Therefore, it is imperative that we unite in our efforts to mitigate the impacts of climate change and safeguard our planet for future generations.

At Solis Holding Limited, we are committed to taking positive action to address the urgent challenge of climate change, and we are firmly dedicated to reducing the risks it poses to society. We have implemented measures to reduce our GHG emissions, focusing on the most efficient methods to achieve this goal. Currently, our carbon footprint includes the following:

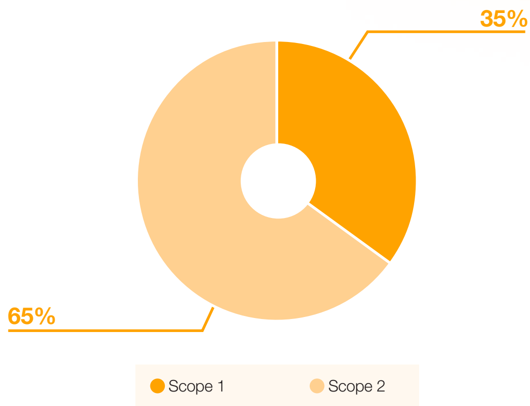
- All fuels utilized by our vehicles and excavator machines (Scope 1 emissions)

- All purchased electricity consumed in our offices and worker dormitories (Scope 2 emissions).

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

In FY2022, our GHG emissions intensity has increased by 31% from 1.92 to 2.51 tonnes of carbon dioxide emission per thousand manhours ("tCO2e"). The organization's total greenhouse gas (GHG) emissions amounted to 150.56 tCO2e in year 2022.

Carbon Emissions



Our increased emissions can be attributed to various factors, including the full recovery of our operations to pre-pandemic levels. We have also set up a new dormitory at 7 Woodlands, which provides accommodation for foreign workers. These contributes to an increase in our Scope 2 energy consumption.

We remain steadfast in our commitment to sustainability and reducing our environmental footprint. In order to achieve our FY2023 targets by reducing 3% our carbon footprint compared to previous year, we implemented the following best practices for our fleet vehicles:

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

Hazardous and Non-hazardous waste management

The Group does not generate any hazardous waste during the course of our business operations. As a result, the laws and regulations in Singapore pertaining to hazardous waste do not significantly affect our business operations.

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

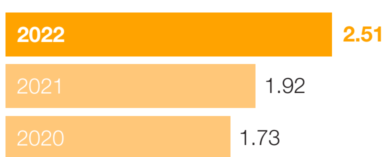
In addition to managing our non-hazardous waste, we have implemented standard procedures to reduce waste generated from our project sites, such as bentonite slurries, contaminated mud, and waste oil. We collect and recondition these materials for reuse whenever feasible. In situations where waste cannot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

To achieve our goal of limiting the amount of waste generated to 5% for all projects undertaken in FY2023. We have implemented best practices to reduce the generation of non-hazardous waste.

- Place strong emphasis during the planning stage of each project to ensure that the budgeted purchase amounts are aligned with the project requirement.

Commitments: Environmental

Acquired renewable source of energy in our operation	**Achievement**	**FY2022 progress**
	• We purchased two new electric vehicles in FY 2022 as part of our ongoing efforts to reduce greenhouse gas emissions.	• We are committed to continuing to invest more in renewable source of energy in our operation.

Continue monitor carbon footprint intensity	**Carbon footprint intensity (tCO_2e/'000 mhrs)**	**FY2022 progress**
		• The rise in carbon footprint was due to several reasons as explained in Aspect A1: Emission above. • We will continue to monitor our carbon footprint intensity to achieve our target in 2023.

Aspect A2: Use of Resources

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

We have observed an increase of 17% in overall energy consumption from 370,407 kilowatts hour (kWh) to 431,681 kWh and a 17% increase in energy consumption intensity from 6,270 kilowatt hours per thousand manhours (kWh/'000 mhr) to 7,206 kWh/'000 mhr. The Group's operations have been fully recovered and are back to normal levels. This has resulted in increased consumption of fuel for excavators. Also, the Group has set up a new dormitory at 7 Woodlands for the purpose of earning rental income from the Company who unable to provide living accommodation to their foreign workers, which has also contributed to the increase in electricity consumption intensity.

Furthermore, our water consumption has also increased moderately by 14% consumption from 18,137 m^3 to 20,753 m^3, and water consumption intensity has risen by 13% from 307 cubic meter per thousand manhours (m^3/'000 mhrs) to 346 m^3/'000 mhrs. This is mainly attributable to the upsurge in domestic water consumption by our workers and tenants residing in the dormitories operated by the Group.

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

Legal Compliance

The Group has complied with the relevant laws and regulations in relation to the Group's use of resources during the year under review. In FY2022, resources consumed by the Group have purchased electricity, diesel, water, and paper.

Direct fuel

In FY2022, we have observed an increase of 2% in fuel consumption from 186,953 kWh to 190,902 kWh and a 1% increase in fuel consumption intensity from 3,165 kilowatt hours per thousand manhours (kWh/'000 mhr) to 3,187 kWh/'000 mhr.

With the adoption of electrical vehicles, our diesel vehicles travel mileage has significantly decreased 45% compared to the previous year, from 195,352 km to 106,836 km in FY2022. As our operations are fully recovered to pre-pandemic levels, resulted additional diesel usage for excavators of 3,171 litres in FY2022.

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

- Commit to ongoing efforts to upgrade our vehicles and ensure they are in optimal condition.

- Send our vehicles undergo regular maintenance and inspections, with an average of at least three maintenance sessions per year in FY2022.

- Invest in renewable sources of energy, such as electric vehicles, to further reduce our environmental impact.

Purchased electricity

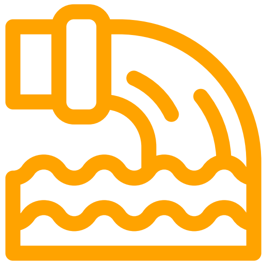
In FY2022, we have observed an increase of 31% in electricity consumption from 183,454 kWh to 240,779 kWh and a 29% increase in electricity consumption intensity from 3,106 kWh/'000 mhrs to 4,019 kWh/'000 mhrs. These increases were primarily due to the recovery of the Group's operation activities to pre-pandemic levels and surge of electricity usage by the tenant at 7 Woodlands dormitory. To mitigate our carbon footprint, we invested in four new electric vehicles during FY2022 to reduce the fuel consumption of our diesel vehicles.

We are committed to reversing this trend and reducing our electricity consumption in line with our environmental targets by reducing 3% of the electricity consumption compared to the previous year for FY2023. To achieve these targets, we have implemented various measures to minimize our electricity consumption across our offices and dormitories. These measures include the following:

- Operating decentralized air conditioning systems, motion sensor lighting systems, and utilizing LED lighting, as well as using energy-efficient electrical appliances.

- Prioritize energy-efficient electrical appliances that comply with the standards of the National Environment Agency's Tick Rating System, which represents lower energy consumption.

Water usage



In FY2022, we have observed an increase of 14% in water consumption from 18,137 m^3 to 20,753 m^3 and a 13% increase in water consumption intensity from 307 m^3/'000 mhrs to 346 m^3/'000 mhrs. These increases were primarily due to the recovery of the Group's operation activities to pre-pandemic levels and the surge of water usage by the tenant in 7 Woodlands dormitory.

We are committed to reversing this trend and reducing our water consumption by 3% compared to the previous year for FY2023. To achieve these targets, we have adopted the following practices

- Promote conservation habits among our office staff and workers to use water responsibly and reduce unnecessary wastage.

- Adopt various measures to improve the utilization efficiency of water resources, including strengthening the inspection and maintenance of water taps and fixing any dripping taps immediately to avoid wastage.

- Equip water-saving equipment in our offices and dormitories to further improve our water consumption efficiency.

Paper

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

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

Commitments: Use of Resources

Continue monitor fuel consumption intensity

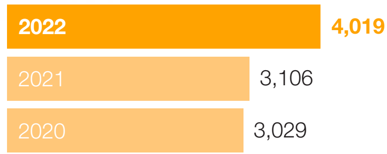
Fuel Consumption Intensity (kWh/'000 mhrs)

FY2022 progress

- The fuel consumption intensity increased from 3,165 kWh/'000 mhrs to 3,187 kWh/'000 mhrs compared to the previous year.
- The increase of fuel consumption intensity was due to the Group's business activities resumed to pre-pandemic levels after the COVID-19 measures were eased.
- We will continue to monitor and reduce our fuel consumption at least 3% compared to previous year to promote a sustainable future for our business, stakeholders, and the planet.

Continue monitor electricity consumption intensity

Electricity Consumption Intensity (kWh/'000 mhrs)



FY2022 progress

- The electricity consumption intensity increased from 3,106 kWh/'000 mhrs to 4,019 kWh/'000 mhrs compared to the previous year.
- The increase of electricity consumption was due to the Group's business activities resumed to pre-pandemic levels, surge of electricity usage by the tenant at 7 Woodlands dormitory and the use of electrical vehicles.
- We will continue to monitor and reduce our electricity consumption at least 3% compared to previous year to promote a sustainable future for our business, stakeholders, and the planet.

Continue monitor water consumption intensity

Water Consumption Intensity (m^3/'000 mhrs)

FY2022 progress

- The water consumption intensity increased from 307 m^3/'000 mhrs to 346 m^3/'000 mhrs compared to the previous year.
- The increase of water consumption intensity was due to the Group's business activities resumed to pre-pandemic levels and surge of water usage by the tenant at 7 Woodlands dormitory.
- We will continue to monitor and reduce our water consumption at least 3% compared to previous year to promote a sustainable future for our business, stakeholders, and the planet.

Aspect A3: Environment and Natural Resources

Responsible Project Management

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

We announce that as of 31 December 2022, 100% of the projects undertaken by the Group are Green Mark certified. These projects have demonstrated the properties of reducing energy, water, and material resource usage, reducing potential environmental impact, and promoting indoor environmental quality for better health and well-being.

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

Commitments: Product Responsibility

Maintain minimal building's environmental impact of our projects	Achievements	FY2022 progress
	• 100% of the projects undertaken by the Group are Green Mark certified by BCA.	• All our projects meet or exceed the Green Mark certification requirements by BCA.

Aspect A4: Climate Change

As a mechanical and electrical engineering company, we recognize our responsibility to play an active role in the global fight against climate change. While our direct impact on the environment may be limited, as a critical part of the construction supply chain, we have a vital role to play in ensuring that our operations are conducted with sustainability and environmental protection in mind.

We work closely with our main contractors to ensure that our projects are delivered efficiently and effectively, while also taking into account the potential impacts of climate change. By anticipating potential risks such as prolonged monsoon seasons and flash floods, we are able to adjust our operations to minimize any negative impact on the environment.

SOCIAL

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

Aspect B1: Employment

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

Legal Compliance

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

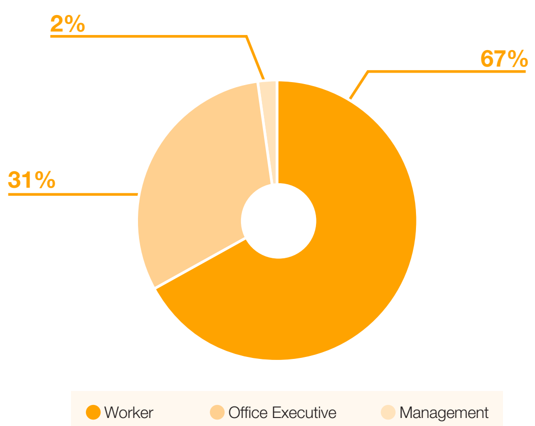
In FY2022, the Group was in compliance with relevant laws and regulations in relation to recruitment and promotion, compensation and dismissal, working hours, rest periods, benefits and welfare, equal opportunity, diversity, and anti-discrimination that have a significant impact on the Group.

Attraction and Retention

The Group is committed to fostering a fair and equitable workplace for all employees, guided by the principles of equality and non-discrimination. We believe that recruitment, remuneration, promotion, and benefits must be administered based on objective assessment, equal opportunity, and non-discrimination, without regard to factors such as gender, race, age, or any other measures of diversity.

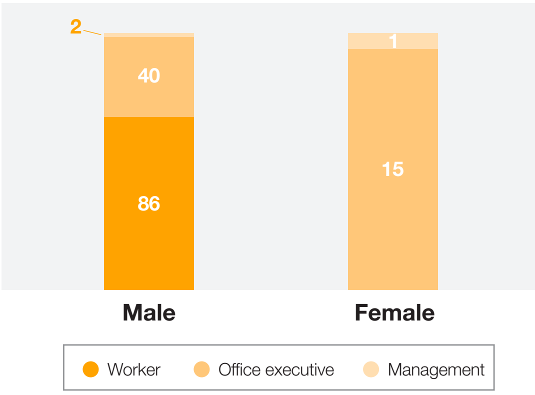
The Group firmly believes in creating an inclusive and diverse workplace where everyone has equal opportunities to grow and thrive. We do not tolerate any form of discrimination during our recruitment process or in the workplace based on factors such as gender, age, race, religion, and other measures of diversity.

Employee by Grade



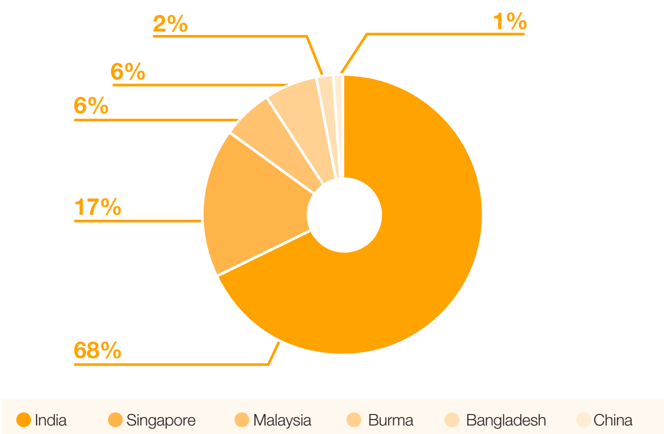
Our recruitment process is designed to be fair and objective, following a structured approach that includes an application for recruitment, detailed position descriptions, collection of job applications, interviews, selection, approval, and job offers. We evaluate candidates based on their qualifications,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

Employees by Grade and Genders



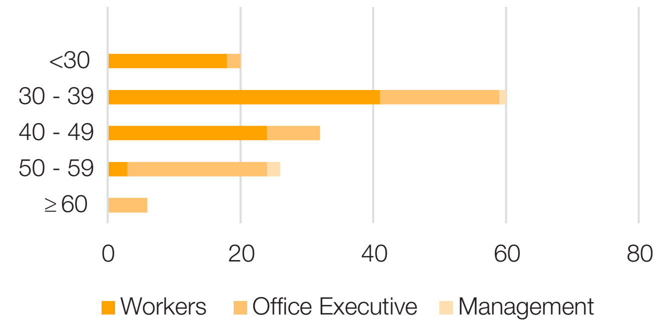
As at 31 December 2022, the Group's workforce comprises a higher proportion of male employees than female employees, which can be attributed to the nature of the construction industry. As illustrated by the chart on the left, the majority of workers in the industry are male, with female employees primarily occupying executive and managerial roles within the Group. The Group is committed to promoting gender diversity and fostering an inclusive workplace culture where all employees, regardless of gender, can thrive and develop their full potential. We will continue to review and improve our policies and practices to support gender equality and diversity in our workforce.

Employee by Geographical Region



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

Employees by Grade and Age Group



The Group values the contributions of employees from all age groups and recognizes the significance of age diversity in the workplace. Every employee brings unique expertise and experience to the Group, regardless of their age. As illustrated in the chart on the left, there are total 20 employees are under the age of 30, 92 employees are between the ages of 30 and 49, and 32 employees are aged 50 and above. The Group strives to provide equal employment opportunities for employees of all ages, ensuring that their diverse skills and knowledge are utilized to achieve our goals.

Working hours, rest periods, benefits and welfare

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

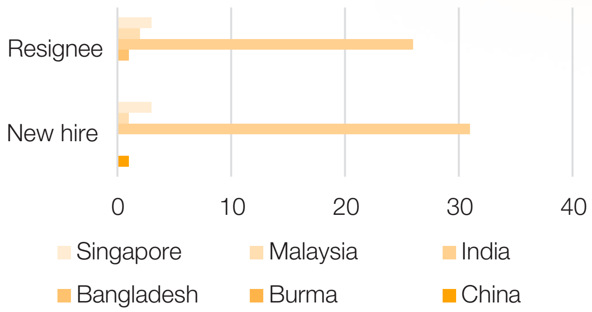
Compensation and dismissal

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

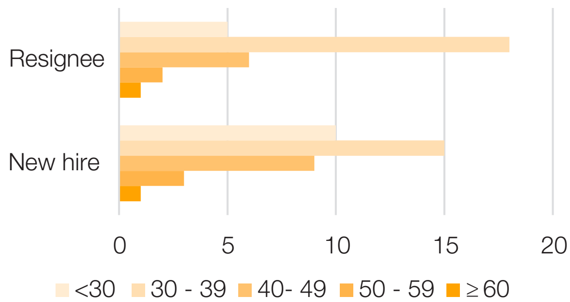
In view of the economic recovery from the pandemic, the Group has also increased its pace of recruitment and hiring to meet the increased number of projects the Group. In FY2022, the Group hired a total of 38 new employees. Due to the nature of the construction industry, about 92% of our new hire employees which majority of them have the nationality of India. On the other hand, there are 32 employees who resigned and the majority of them are male foreign workers which consist of 97% of the resigned employee.

The majority of our workforce has the age between 30 to 49 years old. This is represented in the employee turnover by age group as shown in the chart below. About 63% of our new hire and 75% of the resigned employees have the aged between 30 to 49 years old.

Employee Hire and Resignation by Geographical Region



Employee Hire and Resignation by Age Group



Living Environment

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

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

Aspect B2: Health and Safety

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

Legal Compliance

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

In FY2022, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Workplaces' health and safety

The Group is dedicated to providing a high-quality working environment for our employees and has established a series of policies that adhere to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and BizSAFE Level STAR standards for workplace safety and health. In FY2022, we had zero non-compliances with laws and regulations related to workplace safety and health.

The Group has effectively established and implemented its Quality, Health, Safety and Environment in one Management System ("QHSEMS"). The QHSEMS formalizes safety conduct guidelines such as electrical safety, working at heights, and hot work operations. The QHSEMS has three stages, namely planning, implementation, and enhancement, to ensure safety and health concerns are identified and mitigated throughout each project.

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

We believe safety awareness is crucial, and we conduct internal training that evaluates construction industry fatality cases that are announced by the Workplace Safety and Health ("WSH") Council or published in the local media to enhance our workers' safety awareness.

There is no serious work injuries or fatal incidents reported during FY2022. However, the Group reported 3 cases of minor work injury with a total of 16 lost days. These cases are related to minor work injuries such as slips, trips and falls, as well as accidental injury by moving materials. An emergency response team has been deployed to take care of the injured workers and these workers have since fully recovered.

Description	Units	2020	2021	2022
Number of serious incidents	Number	0	0	0
Serious incident rate	Number/000' manhours	0	0	0
Number of workplace injuries	Number	0	2	3
Workplace injury rate	Number/000' manhours	0	0.003%	0.005%
Lost days due to work injury	Days	0	11	16

Commitments: Product Responsibility

Improve workplace health and safety	Target	FY2022 progress
	• Achieve zero fatalities, serious incident and workplace injuries.	• We have established and implemented a series of policies and procedures that adhere to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and BizSAFE Level STAR standards for workplace safety and health. These policies and procedure were reviewed and updated. • The Group reported 3 cases of minor work injury with a total of 16 lost days. These cases are related to minor work injuries such as slips, trips and falls, as well as accidental injured by moving materials. • An emergency team has been deployed to take care of these injured workers. • We are striving to improve the workplace health and safety.

Aspect B3: Development and Training

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

Professional development

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

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

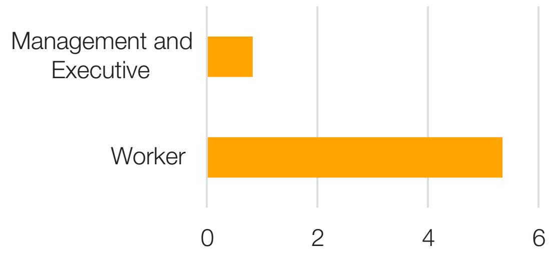
We also encourage our office executives and management team to attend external courses that can broaden their skills and knowledge. This approach ensures that our employees stay up-to-date with the latest industry developments and trends, which ultimately benefits our clients and the Group's overall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

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

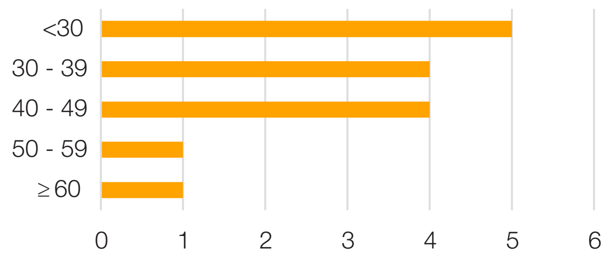
- Antigen Rapid Test (ART) swabbing & supervision for the built environment
- Apply workplace safety and health on the construction site
- BizSafe 2 – develop a risk management implementation plan
- CET for coretrade
- Manage workplace safety and health on construction site ("MWSHCS")
- Operate scissor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

In FY2022, the Group conducted 508 hours of training for employees, both internally and by external trainer. The majority of those who attended the training courses were workers, as they make up the largest percentage of the Group's workforce. On average, management and executive staff received around 1 hour of training, while workers received at least 5 hours. The Group is committed to providing equal training opportunities to all employees, regardless of age. Specifically, the Group invested a significant amount of training resources to ensure that employees aged between 30 and 49 years old were equipped with new knowledge and skills to enhance their career development.

Average Training Hours by Grade



Average Training Hours by Age



Aspect B4: Labour Standards

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

Legal Compliance

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

In FY2022, the Group was not in violation of any of the relevant laws and regulations, in relation to the prevention of child and forced labour that has a significant impact on the Group.

Child and forced labour

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

The Group has put in place internal policies and robust controls over manpower recruitment activities. The Human Resource department is responsible for checking and verifying the background, identity and qualification of each new hire. An official employment contract is entered for new hires and the right type of work pass issued by MOM is obtained for foreign workers. In FY2022, the Group did not hire any child labour or forced labour, free-lance or illegal workers.

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

Commitments: Labour Standards

Maintain zero child labour or forced labour, free-lance or illegal workers	Achievements	FY2022 progress
	• Achieved zero child labour or forced labour, free-lance or illegal workers.	• Our workforce does not consist of child labour or forced labour, free-lance or illegal workers.

Aspect B5: Supply Chain Management

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

Vendor Management

The Group has established a robust and comprehensive vendor management framework, which is enshrined in our Occupational Health, Safety, Environment and Quality Management System (OHSEMS). Specifically, our QHSE-SP-12 (Procurement) and QHSE-SP-02 (Reviewing of subcontractors' risk assessment) policies provide a clear and structured approach to ensuring the consistency and quality of the goods and services procured by our organization.

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

To mitigate operational disruptions and ensure a reliable supply chain, our AVL comprises a diverse pool of 447 vendors as of 31 December 2022. This approach enables us to avoid dependence on a small number of suppliers and provides us with the flexibility to engage alternative vendors to achieve competitive pricing and supply continuity. Furthermore, we maintain rigorous and ongoing performance evaluations for all local suppliers in our AVL, ensuring that our partnerships are consistently optimized for success.

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

Commitments: Supply Chain Management

All of our procurement budget are used to support local economy	Achievements	FY2022 progress
	• Achieved 100% of the procurement budget used of operation is spent on local suppliers	• All the procurement budget used of operation that is spent on local suppliers.

Aspect B6: Product Responsibility

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

Legal Compliance

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

In FY2022, the Group was not in violation of any relevant laws and regulations regarding product health and safety, advertising and privacy matters of its projects that may have a significant impact on the Group.

Quality control and assurance

We adhere to all the relevant laws and regulations enforced by the Building and Construction Authority (BCA) in Singapore, such as the Building Control Act. In FY 2022, we have had zero non-compliances with the laws and regulations enforced by the BCA. In addition to our BCA licenses, we hold a variety of other industry-related certificates, including the prestigious bizSAFE Level STAR certificates, ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certificates.

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

Furthermore, we also have formal procedures in place to address any customer complaints received during the defect liability period. Our project managers take full responsibility for investigating the root causes of complaints, following up with customers to provide timely solutions, carrying out ratification works, and reassuring customers of the results. We are proud to say that in FY2021, we did not receive any significant complaints about completed projects. Any minor complaints we did receive were resolved promptly to the satisfaction of our valued customers.

Protection of customer data

In Singapore, all companies need to comply with the Personal Data Protection Act 2012 ("PDPA"), legislation that governs the collection, use, disclosure and protection of personal data. We have established a Personal Data Protection Policy that governs the collection, use, disclosure, and protection of personal data collected from our employees, customers, and suppliers. In FY2022, we did not have any reported cases of non-compliance with the PDPA.

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

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

Commitments: Product Responsibility

Achieve zero complaints on products quality and safety	Achievements	FY2022 progress
	• Achieved zero complaints on product quality and safety in the year 2020, 2021 and 2022.	• We have no complaints received regarding the quality and safety of the product in the past 3 years.

Aspect B7: Anti-Corruption

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

Legal Compliance

In FY2022, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Code of ethics and whistleblowing

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

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

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

The Group is committed to creating and maintaining a culture of honesty, transparency, and accountability, and as such, in FY2022, there were no legal cases regarding corrupt or money laundering practices or whistle-blowing incidents against the Group, its employees, officers, or directors.

Commitments: Anti-Corruption

Maintain zero violation against laws and regulations relevant to bribery, extortions, fraud and money laundering	**Achievements**	**FY2022 progress**
	• Achieved zero violations against laws and regulations relevant to bribery, extortions, fraud and money laundering	• We are committed to continuing to comply with laws and regulations relevant to bribery, extortions, fraud and money laundering.

Aspect B8: Community Investment

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

Community investment

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

In FY2022, we have contributed a total donation amount of S$11,160 to the following charitable organizations that align with our values and mission.

S/N	Charitable organisation	Nature	Method of donation	Value (S$)
1	Prabhupad Yoga Meditation Centre	Culture	Cash donation	1,200
2	AWWA Home	Society development	Cash donation	4,260
3	Hong Eng Dragon/Lion Dance Centre (1998)	Society development	Foods	2,700
4	Hong Eng Dragon/Lion Dance Centre (1998)	Society development	Cash donation	3,000
			Total	**11,160**

Appendix A: Sustainability Scorecard

Economic Contribution

Metrics	Units	FY2020	FY2021	FY2022
Revenue	S$ '000	7,169	14,638	13,693
Total employee	Number	125	142	144
Total manhours[1]	'000 Hours	52	59	60

Responsible Business

Metrics	Units	FY2020	FY2021	FY2022
Regulatory and compliance incidents	Number	–	–	–
Number of renewable resource vehicles (EVs)	Number	–	–	2
Foreign workers by dormitory				
85 Tagore Lane	Number	–[2]	64	62
14 Tagore Lane	Number	–[2]	32	32
7 Woodlands	Number	–[2]	–	153[3]

1 Inclusive of in-house employee, estimated by 8 hours per week and 52 weeks a year.

2 Not tracked in the previous years

3 Inclusive of non-in-house employees who renting the dormitory.

Environmental Sustainability

Metrics	**Units**	**FY2020**	**FY2021**	**FY2022**
Carbon emission				
Carbon emission (scope 1)	tCO_2e	25.94	38.66	52.32
Carbon emission (scope 2)	tCO_2e	64.27[4]	74.85[4]	98.24
Total carbon emission	tCO_2e	90.21[4]	113.51[4]	150.56
Carbon emission intensity	tCO_2e/'000 mhrs	1.73[4]	1.92[4]	2.51
Energy consumption				
Diesel mileage	km	151,797	195,352	106,836
Petrol mileage	km	16,689	23,531	25,305
Electric mileage	km	–	–	57,418
Generator diesel	Litre	–	1,404	–
Excavator diesel	Litre	–	–	3,171
Fuel energy consumption	Litre	13,310	17,292	19,090
Fuel energy consumption	kWh	133,104	186,953	190,902
Fuel energy consumption intensity	kWh/'000 mhrs	2,560	3,165	3,187
Electricity consumption	kWh	157,530	183,454	240,779
Electricity consumption intensity	kWh/'000 mhrs	3,029	3,106	4,019
Energy consumption	kWh	290,634	370,407	431,681
Energy consumption intensity	kWh/'000 mhrs	5,589	6,270	7,206
Water consumption				
Total water consumption	m^3	17,020	18,137	20,753
Water consumption intensity	m^3/'000 mhrs	327	307	346
Waste consumption				
Hazardous waste	tonnes	–	–	–
Hazardous waste intensity	tonnes/'000 mhrs	–	–	–
Non-hazardous waste	tonnes	–	18.00	13.68
Non-hazardous waste intensity	tonnes/'000 mhrs	–	0.31	0.23

[4] Restated

Employment and Labour Practices

Metrics	**Units**	**FY2020**	**FY2021**	**FY2022**
Employment				
Total number of employees	Number	128	142	144
Employee turnover	%	0.80%	24.80%	25.60%
Current employee by gender				
Male employee	Number (%)	113(88)	127(89)	128(89)
Female employee	Number (%)	15(12)	15(11)	16(11)
Current employees by age group				
Above 50	Number (%)	31(24)	33(23)	32(22)
30-50	Number (%)	83(65)	95(67)	92(64)
Below 30	Number (%)	14(11)	14(10)	20(14)
Current employee by employment type				
Full-time	Number (%)	–[5]	–[5]	144(100)
Part-time	Number (%)	–[5]	–[5]	0(0)
Employee turnover by gender				
Male resignee	Number (%)	84(99)	32(91)	31(97)
Female resignee	Number (%)	1(1)	3(9)	1(3)
Employee turnover by age group				
Above 50	Number (%)	–[5]	1(3)	3(9)
30-50	Number (%)	–[5]	32(91)	24(75)
Below 30	Number (%)	–[5]	2(6)	5(16)
Employee turnover by nationality				
Singapore	Number (%)	–[5]	1(3)	3(9)
Malaysia	Number (%)	–[5]	1(3)	2(6)
India	Number (%)	–[5]	31(89)	26(81)
Bangladesh	Number (%)	–[5]	1(3)	1(3)
Burma	Number (%)	–[5]	1(3)	-(-)
China	Number (%)	–[5]	-(-)	-(-)
New hire by gender				
Male new hire	Number (%)	2(50)	49(94)	35(92)
Female new hire	Number (%)	2(50)	3(6)	3(8)
New hire by age group				
Above 50	Number (%)	–[5]	2(4)	4(11)
30-50	Number (%)	–[5]	42(81)	24(63)
Below 30	Number (%)	–[5]	8(15)	10(26)
New hire by nationality				
Singapore	Number (%)	–	2(4)	3(8)
Malaysia	Number (%)	-[5]	1(2)	1(3)
India	Number (%)	-[5]	48(92)	31(82)
Bangladesh	Number (%)	-[5]	-(-)	-(-)
Burma	Number (%)	-[5]	1(2)	2(5)
China	Number (%)	-[5]	-(-)	1(3)

[5] Not tracked in the previous years

Metrics	Units	FY2020	FY2021	FY2022
Training				
Total training hours	Hours	–[6]	–[6]	508
Average training hours per employee	Hours	–[6]	–[6]	3.53
Average training hours per male employee	Hours	–[6]	–[6]	3.94
Average training hours per female employee	Hours	–[6]	–[6]	0.25
Workplace Safety				
Number of cases related to fatalities	Number	–	–	–
Number of workplace injury	Number	–	2	3
Workplace injury rate	Number/'000 mhrs	–	0.00003	0.00005
Number of lost days due to work injury	Number	–	11	16

Operating Practices

Metrics	Units	FY2020	FY2021	FY2022
Supply Chain Management				
Local suppliers	Number (%)	–[6]	–[6]	447(100)
Products Responsibility				
Product recalls for safety and health reasons	Number	–	–	–
Customer complaints received	Number	–	–	–
Anti-Corruption				
Violations against relevant laws and regulations	Number	–	–	–
Community Investment				
Contribution through community investment	S$	11,015	7,144	11,160

6 Not tracked in the previous years

Appendix B: GRI Content Index

Disclosure number		Disclosure title	Reference and remarks
GRI 102: General disclosures			
The organization and its reporting practices	2-1	Organisation details	• Management Discussion and Analysis • Highlights
	2-2	Entities included in the organization's sustainability reporting	• Highlights
	2-3	Reporting period, frequency and contact point	• Highlights
	2-4	Restatements of information	• Highlights
	2-5	External assurance	• No External Assurance
Activities and workers	2-6	Activities, value chain and other business relationships	• Report of the Director
	2-7	Employee	• Report of the Director
	2-8	Workers who are not an employee	• Not applicable
Governance	2-9	Governance structure and composition	• Corporate Governance Report
	2-10	Nomination and selection of the highest governance body	• Corporate Governance Report
	2-11	Chair of the highest governance body	• Corporate Governance Report
	2-12	Role of the highest governance body in overseeing the management of impacts	• Corporate Governance Report
	2-13	Delegation of responsibility for managing impacts	• Corporate Governance Report
	2-14	Role of the highest governance body in sustainability reporting	• Highlights
	2-15	Conflicts of interest	• Corporate Governance Report
	2-16	Communication of critical concerns	• Highlights
	2-17	The collective knowledge of the highest governance body	• Corporate Governance Report
	2-18	Evaluation of the performance of the highest governance body	• Corporate Governance Report
	2-19	Remuneration policies	• Management Discussion and Analysis • Report of the Directors
	2-20	The process to determine the remuneration	• Management Discussion and Analysis • Report of the Directors
	2-21	Annual total compensation ratio	• Notes to the Consolidated Financial Statement – Note 8(b)

Disclosure number		Disclosure title	Reference and remarks
Strategy, policies and practices	2-22	Statement on sustainable development strategy	• Highlights
	2-23	Policy commitments	• Highlights
	2-24	Embedding policy commitments	• Highlights
	2-25	Processes to remediate negative impacts	• Highlights
	2-26	Mechanisms for seeking advice and raising concerns	• Corporate Governance Report • Highlights
	2-27	Compliance with laws and regulations	• Aspect A1 to B8
	2-28	Membership associations	• Not applicable
Stakeholder engagement	2-29	Approach to stakeholder engagement	• Highlights
	2-30	Collective bargaining agreements	• Not Applicable
GRI 3: Disclosures on material topics			
Material topics	3-1	The process to determine material topics	• Highlights
	3-2	List of material topics	• Highlights
	3-3	Management of material topics	• Highlights • Aspect A1 to B8
GRI 200: Economic disclosures (applicable sections only)			
Economic performance	201-1	Direct economic value generated and distributed	• Sustainability Scorecard
Procurement practices	204-1	The proportion of spending on local suppliers	• Social • Appendix B: Sustainability Scorecard
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	• Social
	205-3	Confirmed incidents of corruption and actions taken	• Social
Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	• There are no legal actions for anti-competition.
GRI 300: Environment disclosures (applicable sections only)			
Materials	301-1	Materials used by weight or volume	• No raw materials and packaging materials are used as our operations do not involve manufacturing goods.
Energy	302-1	Energy consumption within the organisation	• Environmental • Appendix B: Sustainability Scorecard
	302-3	Energy intensity	• Environmental • Appendix B: Sustainability Scorecard
Water	303-5	Water consumption	• Environmental • Appendix B: Sustainability Scorecard

Disclosure number		Disclosure title	Reference and remarks
Emissions	305-1	Direct (Scope 1) GHG emissions	• Environmental • Appendix B: Sustainability Scorecard
	305-2	Energy indirect (Scope 2) GHG emissions	• Environmental • Appendix B: Sustainability Scorecard
	305-3	Other indirect (Scope 3) GHG emissions	• Environmental • Appendix B: Sustainability Scorecard
	305-4	GHG emissions intensity	• Environmental • Appendix B: Sustainability Scorecard
	305-5	Reduction of GHG emissions	• Environmental
Laws and regulations	307-1	Non-compliance with environmental laws and regulations	• Environmental
GRI 400: Social disclosures (applicable sections only)			
Employment	401-1	New employee hires and employee turnover	• Social • Appendix B: Sustainability Scorecard
Occupational health and safety	403-1	Occupational health and safety management system	• Social
	403-9	Work-related injuries	• Social
	403-10	Work-related ill health	• Social
Training and education	404-1	Average hours of training per year per employee	• Social
	404-2	Programs for upgrading employee skills and transition assistance programs	• Social
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	• Social • Appendix B: Sustainability Scorecard
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	• Social
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	• Social
Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	• Social
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	• Social

Appendix C: ESG Reporting Guide Content Index

The ESG Reporting Guide Content Index references the Solis Holdings Limited Environmental, Social and Governance Report 2022.

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
A: Environmental		
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	• Section Environmental
KPI A1.1	The types of emissions and respective emissions data.	• Section Environmental
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	• Section Environmental
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	• Section Environmental
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	• Section Environmental
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	• Section Environmental
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps are taken to achieve them.	• Section Environmental

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources including energy, water and other raw materials	• Section Environmental
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	• Section Environmental
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	• Section Environmental
KPI A2.3	Description of energy use efficiency target(s) set and steps are taken to achieve them.	• Section Environmental
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	• Section Environmental
KPI A2.5	The total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	• Not applicable
Aspect A3: Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	• Section Environmental
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	• Section Environmental
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	• Section Environmental
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.	• Section Environmental

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
B: Social		
Employment and Labour Practices		
Aspect B1: Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	• Section Social
KPI B1.1	Total workforce by gender, employment type (for example, full- or partime), age group and geographical region	• Section Social
KPI B1.2	Employee turnover rate by gender, age group and geographical region	• Section Social
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	• Section Social
KPI B2.1	The number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	• Section Social
KPI B2.2	Lost days due to work injury.	• Section Social
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	• Section Social

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
Aspect B3: Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	• Section Social
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	• Section Social
KPI B3.1	The average training hours completed per employee by gender and employee category	• Section Social
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	• Section Social
KPI B4.1	Description of measures to review employment practices to avoid the child and forced labour.	• Section Social
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	• Section Social
Operating Practices		
Aspect B5: Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain	• Section Social
KPI B5.1	Number of suppliers by geographical region	• Section Social
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	• Section Social

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• Section Social
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	• Section Social
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	• Section Social
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	• Section Social
KPI B6.2	The number of products and service-related complaints received and how they are dealt with.	• Section Social
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	• Section Social
KPI B6.4	Description of quality assurance process and recall procedures	• Section Social
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	• Section Social

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
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	• Section Social
KPI B7.1	The 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.	• Section Social
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	• Section Social
KPI B7.3	Description of anti-corruption training provided to directors and staff.	• Section Social
Community		
Aspect B8: Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	• Section Social
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	• Section Social
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	• Section Social

Appendix D: Methodologies and Data Boundaries

This section details key definitions, methodologies and data boundaries applied to SOLIS Limited's Sustainability Report, as we endeavour to elevate transparency and facilitate comparability of our data disclosed. These definitions and methodologies are adapted with reference to the GRI Standards Glossary 2021, Reporting Recommendations and Guidance set out in the respective GRI disclosures and various authoritative intergovernmental instruments.

Carbon Emissions

In the scope of this reporting, scope 1 emissions are emission are generated from the consumption of fuels for our operations. The emission factor used for calculating carbon emission is obtained from The International Energy Agency ("IEA"). Carbon emissions are expressed in tonnes of carbon dioxide equivalent (tCO2e).

The scope of this reporting, scope 2 emissions are emissions that result from the generation of purchased or acquired electricity, by the Group. The Grid Emission Factor ("GEF") used for calculating carbon emissions is obtained from the National Environmental Agency ("NEA"). Carbon emissions are expressed in tCO2e.

Carbon Emissions Intensity

This is the ratio of carbon emissions relative to the manhours engaged by the Group. Carbon emissions intensity is expressed in tonnes of carbon dioxide equivalent per thousand manhours (tCO2e/'000 mhrs).

Energy Consumption

Energy consumed results from purchased electricity and diesel consumed by the operations of the Group. Energy consumed is expressed in kilowatt-hours (kWh).

Energy Consumption Intensity

This is the ratio of energy consumed relative to the manhours engaged by the Group. Energy consumption intensity is expressed in kilowatt per thousand manhours (kWh/'000 mhrs).

Water Consumption

This is the volume of water consumed by the Group. The sources of water are supplied by local municipalities. The total amount of water withdrawn is assumed to be the amount consumed as reflected in utility bills received.

The volume of water consumed is expressed in cubic meters (m^3).

Water Consumption Intensity

This is the ratio of water consumed relative to the revenue generated by SOLIS. Water consumption intensity is expressed in cubic meters per thousand manhours (m^3/'000 mhrs).

New Hires and Turnover

New hires are defined as new employees who have joined the Group during the financial year.

Turnover is defined as all employees who have left the Group voluntarily, or due to dismissal, retirement or death in service during the financial year.

The new hires/turnover rate is the total number of new hires/employee turnovers in the financial year, relative to the total number of new hires/resignees recorded at financial year-end.

The new hires/turnover rate by age group is the total number of new hires/employee turnovers for each age group in the financial year, relative to the total number of new hires/resignees recorded at financial year-end.

New hires/turnover rate by gender is the total number of female/(male) new hires/employee turnovers for each gender in the financial year, relative to the total number of new hires/resignees recorded as at financial year-end.

Training hours

Average training hours per employee is the total number of training hours incurred during the financial year provided to employees, relative to the total number of employees recorded as of financial year-end.

Average training hours per female/(male) employee is the total number of training hours provided to female/(male) employees, relative to the total number of female/(male) employees recorded as of financial year-end.

Fatalities in workplace

The number of fatalities as a result of work-related injury during reporting period across SOLIS.

Lost day due to work injury

Lost days due to work injury refer to the number of days an employee is unable to work due to an injury sustained while working. It's used as a measure of the severity and frequency of workplace injuries and their impact on productivity and employee well-being.

Local supplier

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

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

QUALIFIED OPINION

We have audited the accompanying consolidated financial statements of Solis Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 88 to 157, which comprise the consolidated statement of financial position of the Group as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

BASIS FOR QUALIFIED OPINION

Financial asset at fair value through profit or loss

As disclosed in Notes 3 and 18 to the consolidated financial statements, the Group acquired 49% unquoted equity interest in the issued shares of D.D. Resident Co., Ltd (the "investee") on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to S$10,069,000). The investee is a limited liability company incorporated in Thailand, which is the owner and operator of a hotel property, Aiyaree Place Hotel in Pattaya, Thailand. The Group recorded the investment as financial asset at fair value through profit or loss ("FVTPL") in the consolidated financial statements as at 31 December 2021 and 31 December 2022. As at 31 December 2022, the investment is carried at fair value of S$4,237,000, and a fair value loss on FVTPL amounting to S$89,000 is recognised in the profit or loss.

Due to inability to obtain sufficient appropriate audit evidence and in view of the lack of new development during current financial year as described in Note 18, we are unable to conclude as to whether the investment of 49% equity interest in the investee should be classified as financial asset at fair value through profit or loss and accounted for in accordance with IFRS 9 *Financial Instruments* or as investment in associated company and equity accounted for in accordance with IAS 28 *Investments in Associates and Joint Ventures*. We are also unable to determine the potential adjustments to and disclosures in the consolidated financial statements for the financial year ended 31 December 2022 and 31 December 2021 should the investment be classified and accounted for as an investment in associated company. In addition, we are unable to satisfy ourselves and we are unable to determine the extent of adjustments and additional disclosures necessary in respect of the fair value of the unquoted equity shares and the fair value loss recognised in profit or loss for the investment to be appropriately measured in accordance with IFRS 9 *Financial Instruments*, including those presented as corresponding figures.

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

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

BASIS FOR QUALIFIED OPINION *(continued)*

Financial asset at fair value through profit or loss *(continued)*

The consolidated financial statements for the financial year ended 31 December 2021 were qualified for the same reason as stated above.

Furthermore, our audit opinion on the consolidated financial statements for financial year ended 31 December 2021 was qualified as we were unable to determine the potential adjustments and disclosures that would be required in the consolidated financial statements for the financial year ended 31 December 2021 with respect to the expiry of the option to acquire additional 51% interest from the Thai Shareholder as described in Note 18 to the consolidated financial statements. Our opinion on the current year's financial statements is also modified before of the possible effect on the comparability of the current year's figures and the corresponding figures.

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

KEY AUDIT MATTER

Key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements for the financial year ended 31 December 2022. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matter below to be the key audit matter to be communicated in our report.

Revenue recognition from construction contracts

As disclosed in Notes 2.22 and 4 to the financial statements, the Group principally generates construction contract revenue from designing, building and installation of mechanical and electrical systems. The Group recognised revenue from construction contracts of S$13,693,000 for the financial year ended 31 December 2022.

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

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

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

KEY AUDIT MATTER *(continued)*

Revenue recognition from construction contracts *(continued)*

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

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

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

Our procedures to address the key audit matter:

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

- Updated our understanding of the Group's revenue recognition policies in accordance with IFRS 15 *Revenue from Contracts with Customers*.

- Updated our understanding and performed test of design and implementation over key financial controls over management's budgeting process and tested their effectiveness.

- Reviewed the contractual terms, discussed the status of the on-going projects with the project team and assessed the reasonableness of management's assumptions on total estimated cost to complete and percentage of completion.

- Evaluated appropriateness of management's judgement and estimation to determine contract modifications, variable consideration and total transaction price.

- Reviewed the projects undertaken by the Group and assessed the need for provision of onerous contract.

- Verified the actual contract costs incurred and checked the computation of the percentage of completion.

- Performed cut-off procedure to determine whether the contract cost and revenue is properly taken up in the correct accounting period.

- Assessed the adequacy and appropriateness of the disclosure notes made in the financial statements in accordance with the disclosure requirements of IFRS 15.

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

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

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the 2022 Annual Report but does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we are unable to obtain sufficient appropriate evidence about the classification and measurement of the Group’s investment in financial asset at fair value through profit or loss as at 31 December 2022. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Sek Wai.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore
29 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2022

	Note	2022 S$'000	2021 S$'000
Revenue	4	**13,693**	14,638
Cost of services		**(11,604)**	(11,610)
Gross profit		**2,089**	3,028
Other income	5	**2,773**	938
Other losses – net	6	**(20)**	(3,655)
Administrative expenses		**(5,228)**	(4,314)
Finance costs	7	**(60)**	–
Provision for share of net liabilities of joint venture	27	**(465)**	–
Loss before tax	9	**(911)**	(4,003)
Tax expense	10	**–**	–
Loss for the year		**(911)**	(4,003)
Other comprehensive income/(loss):			
Item that is or may be reclassified subsequently to profit or loss:			
Fair value gain/(loss) of financial assets at fair value through other comprehensive income – debt securities	17	**8**	(73)
Items that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of freehold land and building	13	**1,329**	1,119
Deferred tax expense relating to surplus on revaluation of freehold property	25	**–**	(229)
(Deficit)/surplus on changes in fair value of intangible assets	15	**(2)**	44
Fair value loss of financial assets at fair value through other comprehensive income – equity securities	17	**(978)**	(83)
Other comprehensive income for the year, net of tax		**357**	778
Total comprehensive loss for the year		**(554)**	(3,225)
Loss attributable to:			
Owners of the Company		**(911)**	(4,002)
Non-controlling interest		**–***	(1)
Loss for the year		**(911)**	(4,003)
Total comprehensive loss attributable to:			
Owners of the Company		**(554)**	(3,224)
Non-controlling interest		**–***	(1)
Total comprehensive loss for the year		**(554)**	(3,225)
Loss per share of the Company (expressed in Singapore cents per share)			
Basic and diluted	11	**(0.10)**	(0.44)

* Amount is less than S$1,000.

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

Consolidated Statement of Financial Position

At 31 December 2022

	Note	2022 S$'000	2021 S$'000
Non-current assets			
Property, plant and equipment	*13*	**25,030**	14,451
Investment property	*14*	**–**	–
Right-of-use assets	*29*	**335**	–
Intangible assets	*15*	**62**	248
Investment in joint venture	*16*	**–**	–
Financial assets at fair value through other comprehensive income	*17*	**9,102**	9,641
Financial asset at fair value through profit or loss	*18*	**4,237**	4,326
Total non-current assets		**38,766**	28,666
Current assets			
Trade receivables	*19*	**562**	905
Other receivables, deposits and prepayments	*20*	**516**	332
Contract assets	*21*	**3,782**	3,020
Inventories	*22*	**48**	119
Financial assets at fair value through other comprehensive income	*17*	**–**	247
Pledged fixed deposits	*24*	**1,711**	211
Cash and cash equivalents	*24*	**24,036**	13,955
		30,655	18,789
Non-current asset held for sale	*23*	**–**	9,044
Total current assets		**30,655**	27,833
Total assets		**69,421**	56,499
Non-current liabilities			
Bank borrowing, non-current	*28*	**5,479**	–
Lease liabilities, non-current	*29*	**189**	–
Deferred tax liabilities	*25*	**229**	229
Total non-current liabilities		**5,897**	229

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

Consolidated Statement of Financial Position *(continued)*

At 31 December 2022

	Note	2022 S$'000	2021 S$'000
Current liabilities			
Trade payables and trade accruals	*26*	**2,127**	1,660
Other payables and accrued expenses	*27*	**10,831**	4,069
Contract liabilities	*21*	**1,797**	1,688
Bank borrowing, current	*28*	**136**	–
Lease liabilities, current	*29*	**334**	–
Total current liabilities		**15,225**	7,417
Total liabilities		**21,122**	7,646
Net assets		**48,299**	48,853
Equity and reserves			
Share capital	*30*	**1,585**	1,585
Share premium	*30*	**34,440**	34,440
Retained earnings		**732**	1,634
Reserves	*31*	**11,545**	11,197
Equity attributable to owners of the Company		**48,302**	48,856
Non-controlling interest		**(3)**	(3)
Total equity		**48,299**	48,853

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2022

		Attributable to owners of the Company									
		Share capital	Share premium	Retained earnings	Merger reserve *(Note 31)*	Revaluation reserve for intangible assets *(Note 31)*	Revaluation reserve for financial assets at FVOCI *(Note 31)*	Revaluation reserve for PPE *(Note 31)*	Total	Non-controlling interests	Total equity
	Note	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2021		1,585	34,440	5,608	1,500	33	104	8,811	52,081	(2)	52,079
Loss for the financial year		–	–	(4,002)	–	–	–	–	(4,002)	(1)	(4,003)
Other comprehensive income/(loss) for the year		–	–	–	–	44	(156)	890	778	–	778
Total comprehensive (loss)/income for the year		–	–	(4,002)	–	44	(156)	890	(3,224)	(1)	(3,225)
Transfer upon disposal of property		–	–	29	–	–	–	(29)	–	–	–
Increase in ownership of a subsidiary	*12*	–	–	(1)	–	–	–	–	(1)	–*	(1)
Balance at 31 December 2021		1,585	34,440	1,634	1,500	77	(52)	9,672	48,856	(3)	48,853
Loss for the financial year		–	–	(911)	–	–	–	–	(911)	–*	(911)
Other comprehensive income/(loss) for the year		–	–	–	–	(2)	(970)	1,329	357	–	357
Total comprehensive (loss)/income for the year		–	–	(911)	–	(2)	(970)	1,329	(554)	–	(554)
Transfer upon disposal of intangible assets		–	–	64	–	(64)	–	–	–	–	–
Transfer upon disposal of financial assets at fair value through other comprehensive income		–	–	(55)	–	–	55	–	–	–	–
Balance at 31 December 2022		**1,585**	**34,440**	**732**	**1,500**	**11**	**(967)**	**11,001**	**48,302**	**(3)**	**48,299**

* Amount is less than S$1,000.

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022

	Note	2022 S$'000	2021 S$'000
Cash flows from operating activities			
Loss before tax		**(911)**	(4,003)
Adjustments for:			
Depreciation of property, plant and equipment		**487**	422
Depreciation of right-of-use assets		**200**	–
Gain on disposal of property, plant and equipment		**(63)**	(1,610)
Gain on disposal of non-current asset held for sale		**(317)**	–
Loss on disposal of intangible assets		**49**	–
Loss on disposal of financial assets at fair value through other comprehensive income, net		**182**	–
Interest income		**(598)**	(184)
Interest expense		**60**	–
Dividend income from equity investments		**(2)**	–
Impairment loss on property, plant and equipment		**80**	–
Fair value gain on investment property		**–**	(478)
Fair value loss on financial asset at fair value through profit or loss		**89**	5,743
Provision for share of net liabilities of joint venture		**465**	–
Unrealised exchange gains, net		**(22)**	(15)
Operating cash flows before movement in working capital		**(301)**	(125)
Changes in working capital:			
Trade receivables		**343**	(22)
Other receivables, deposits and prepayments		**(125)**	159
Contract assets		**(762)**	(1,088)
Inventories		**71**	(119)
Trade payables and trade accruals		**467**	(336)
Other payables and accrued expenses		**(23)**	502
Contract liabilities		**109**	(605)
Net cash used in operating activities		**(221)**	(1,634)

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

Consolidated Statement of Cash Flows *(continued)*

For the financial year ended 31 December 2022

	Note	2022 S$'000	2021 S$'000
Cash flows from investing activities			
Amount due from ultimate holding company		**–**	98
Purchase of property, plant and equipment	*A*	**(10,209)**	(618)
Purchase of financial assets at fair value through other comprehensive income		**(11,530)**	(9,924)
Proceeds from disposal of property, plant and equipment		**655**	9,390
Proceeds from disposal of non-current asset held for sale		**9,361**	–
Proceeds from disposal of intangible assets		**135**	–
Proceeds from disposal of financial assets at fair value through other comprehensive income		**11,164**	–
Dividends received		**2**	–
Interest received		**539**	61
Movement in pledged fixed deposits	*24*	**(1,500)**	(1)
Net cash used in investing activities		**(1,383)**	(994)
Cash flows from financing activities			
Proceeds from bank borrowing		**5,670**	–
Repayment of bank borrowing		**(55)**	–
Repayment of lease liabilities		**(212)**	–
Interest paid		**(60)**	–
Net cash generated from financing activities		**5,343**	–
Increase/(decrease) in cash and cash equivalents		**3,739**	(2,628)
Cash and cash equivalents at beginning of the financial year		**13,955**	16,599
Effects of foreign exchange rate changes on the balance of cash held in foreign currency		**4**	(16)
Cash and cash equivalents at end of the financial year	*24*	**17,698**	13,955
Note A – Purchase of property, plant and equipment ("PPE")			
Aggregate cost of PPE acquired	*13*	**10,409**	618
Less: acquired under lease arrangement		**(200)**	–
Net cash outflow for purchase of PPE		**10,209**	618

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

1 GENERAL INFORMATION

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

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

The Company is an investment holding company. The principal activities of the subsidiaries and joint venture are disclosed in Notes 12 and 16.

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

The consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are presented in Singapore dollar ("S$"), which is the Company's functional currency. All financial information presented in Singapore dollar are rounded to the nearest thousand ("S$'000") except when otherwise indicated. The financial statements have been prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and International Financial Reporting Standards (International) ("IFRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Use of estimates and judgements

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

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

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

New and revised standards that are adopted

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

The adoption of these new and revised IFRSs and IFRIC INT did not have any material effect on the financial results or position of the Group.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the financial year but are not yet effective for the financial year ended 31 December 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

2.2 Subsidiaries

2.2.1 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

Business combinations

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

Business combinations (continued)

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

2.2.2 Separate financial statements

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.3 Investment in joint venture

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

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

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Investment in joint venture *(continued)*

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

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

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currencies") 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 profit or loss and other comprehensive income.

(c) Group companies

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency translation *(continued)*

(c) Group companies *(continued)*

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

2.6 Property, plant and equipment

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment *(continued)*

Depreciation

No depreciation is provided on freehold land.

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

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

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.

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

2.7 Investment property

Investment property is held to earn rental income and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best use basis. Changes in fair values are recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Intangible assets

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

Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy above.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

2.9 Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial assets

(a) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

(b) Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

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

(c) Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents, pledged fixed deposits, trade and other receivables (excluding prepayments), quoted debt securities and unquoted equity shares. There are three subsequent measurement categories, depending on the Group's business model for managing the asset and cash flow characteristics of the asset:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial assets *(continued)*

(c) Subsequent measurement *(continued)*

Debt instruments (continued)

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Fair value through other comprehensive income ("FVOCI")

The Group measures debts instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in fair values for debts instruments at FVOCI are recognised in other comprehensive income and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment and presented in "other income/ expense". Interest income from these financial assets is recognised in profit or loss using the EIR method.

Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial assets *(continued)*

(c) Subsequent measurement *(continued)*

Equity instruments (continued)

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

(d) Impairment of financial assets carried at amortised cost

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset 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-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 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 Group or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs, other direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.13 Non-current asset held for sale

Non-current asset is classified as asset held for sale and stated at the lower of carrying amount and fair value less costs to sell if its carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The asset is not depreciated or amortised while it is classified as held for sale.

2.14 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include bank deposits with banks, cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged fixed deposits.

2.15 Share capital

Ordinary shares are classified as equity attributable to the equity holders.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Amounts received above the nominal is recorded as a share premium.

2.16 Financial liabilities

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other 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 each reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting 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 on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax is measured based on the tax consequence that will follow the manner in which the Group expects, as at reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment property. Investment property measured at fair value is presumed to be recovered entirely through sale.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.19 Contingent liability

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

2.20 Leases

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

When the Group is the lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset, as follows:

Office space	2 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Leases *(continued)*

When the Group is the lessee *(continued)*

Right-of-use assets (continued)

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

The right-of use assets are presented as a separate line in the consolidated balance sheet. The Group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.9.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

When the Group is the lessor

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred 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 on the same basis as the lease income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated statement of financial position in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.22 Revenue recognition

Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (i.e., sales related taxes).

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Revenue recognition *(continued)*

Interest income

Interest income is recognised using the effective interest method.

Dividend income

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

Revenue from services – Management fee income

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

2.23 Government grants

Grants from the government are recognised as receivables at their fair value where there is a 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 profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.24 Borrowing costs

Borrowing costs are recognised in the profit or loss using the effective interest method.

2.25 Provision for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated costs of dismantlement, removal or restoration items of assets arising from the use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value. Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related assets unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgement in applying accounting policies

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

(i) Financial asset at fair value through profit or loss

As disclosed in Note 18 to the consolidated financial statements, the Group acquired 49% unquoted equity interest in the issued shares of D.D. Resident Co,. Ltd. (the "investee") on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to initial cost of S$10,069,000). The investee is a limited liability company incorporated in Thailand, which is the owner of the hotel property and operator of Aiyaree Place Hotel in Pattaya, Thailand. In accordance with the Sales and Purchase Agreement ("SPA") dated 31 December 2019, the Group has the right to appoint/remove directors and key management personnel of the investee. In conjunction with the acquisition, the Group has also entered into an Exclusive Option Agreement with the remaining 51% shareholder of the investee (the "Thai Shareholder"), whereby the Group is granted with an irrevocable and exclusive option to purchase the 51% equity interest held by the Thai Shareholder at consideration of HKD61,200,000 (equivalent to S$10,624,000). The Exclusive Option Agreement dated 31 December 2019 has an effective period of 2 years from 31 December 2019. The Group did not renew the Exclusive Option Agreement upon the expiry date on 30 December 2021. The Group recorded the investment as financial asset at fair value through profit or loss in the consolidated financial statements as the management does not have the practical ability to appoint board representation and has limited access to relevant financial and operational information. The Group is therefore unable to exercise significant influence and to meet the criteria of recognition under IAS 28 *Investments in Associates and Joint Ventures*. Consequently, this investment has been recorded as financial asset at fair value through profit or loss according to IFRS 9 Financial Instruments.

As at 31 December 2022, the investment is carried at S$4,237,000 (2021: S$4,326,000).

(ii) Joint arrangement

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

Management has considered that the joint arrangement is structured through a separate vehicle and provides SMEE and the joint venture party to the agreement with rights to the net assets or liabilities of the joint venture under the arrangement. Accordingly, this arrangement is classified as a joint venture in accordance with IFRS 11 Joint Arrangements.

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

Critical judgement in applying accounting policies *(continued)*

(iii) Income tax amounts

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 10 on income tax.

Key sources of estimation uncertainty

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

(i) Revenue recognition from construction contracts

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

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

The Group's revenue recognised during the financial year is disclosed in Note 4. The carrying amounts of the contract assets and liabilities from contract with customers at the end of each financial year are disclosed in Note 21.

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

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

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

Key sources of estimation uncertainty *(continued)*

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

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

As the calculation of loss allowance on trade receivables and contract assets is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables and contract assets. Details of ECL measurement and carrying values of trade receivables and contract assets at reporting date are disclosed in Note 35.

(iii) Income taxes

Uncertainties exist with respect to the determining the provision for income taxes. The Group recognises expected liabilities for income tax based on reasonable estimation of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period which such determination is made. The carrying amount of the Group's current income tax payable and deferred tax liabilities as at 31 December 2022 are disclosed in the Notes 10 and 25 respectively.

4 REVENUE AND SEGMENT INFORMATION

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

Timing of revenue recognition:

	2022	2021
	S$'000	S$'000
Construction contracts revenue for the designing, building and installations of mechanical and electrical systems over time	**13,693**	14,638

4 REVENUE AND SEGMENT INFORMATION *(continued)*

Information about major customers

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

	2022	2021
	S$'000	S$'000
Customer A	**4,891**	N/A*
Customer B	**2,779**	N/A*
Customer C	**2,710**	1,982
Customer D	**2,644**	N/A*
Customer E	**–**	7,142

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in the previous financial year.

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

	2022	2021
	S$'000	S$'000
Construction contracts revenue for the designing, building and installations of mechanical and electrical systems as at 31 December:		
Within 1 year	**38,691**	13,517
More than 1 year	**4,238**	41,559
	42,929	55,076

Geographical information

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

5 OTHER INCOME

	2022 S$'000	2021 S$'000
Interest income from banks	**598**	184
Dividend income from equity investments	**2**	–
Government grants		
– Jobs Support Scheme ("JSS")	**–**	402
– Foreign worker levy waiver and rebates	**147**	164
– Others	**41**	28
Management fee income charged to joint venture *(Note 33)*	**1,621**	–
Rental income	**352**	146
Others	**12**	14
	2,773	938

In 2021, JSS grant income of S$402,000 represented Covid-19 business support measures implemented by the Singapore Government.

Foreign worker levy waiver and rebates of S$147,000 (2021: S$164,000) was recognised during the financial year. The Singapore Government provided business employers who hire foreign workers on work permit and S-Pass with foreign worker levy to ease the labour costs of the Group.

6 OTHER LOSSES – NET

	2022 S$'000	2021 S$'000
Fair value gain on investment property *(Note 14)*	**–**	478
Gain on disposal of property, plant and equipment	**63**	1,610
Gain on disposal of non-current asset held for sale *(Note 23)*	**317**	–
Loss on disposal of intangible assets	**(49)**	–
Loss on disposal of financial assets at fair value through other comprehensive income, net	**(182)**	–
Fair value loss on financial asset at fair value through profit or loss *(Note 18)*	**(89)**	(5,743)
Impairment loss on property, plant and equipment *(Note 13)*	**(80)**	–
	(20)	(3,655)

7 FINANCE COSTS

	2022 S$'000	2021 S$'000
Interest expense:		
– Bank borrowing *(Note 28)*	**48**	–
– Lease liabilities *(Note 29)*	**12**	–
	60	–

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

a) Employee benefits expenses

	2022 S$'000	2021 S$'000
Directors' remunerations (including directors' fee)	**1,338**	1,334
Salaries and other benefits	**4,491**	4,052
Employer's contribution to defined contribution plans	**265**	254
	6,094	5,640

Employee benefits expenses are charged to:

	2022 S$'000	2021 S$'000
Administrative expenses	**3,253**	2,822
Cost of services	**2,841**	2,818
	6,094	5,640

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the financial year ended 31 December 2022 include the three (2021: three) executive directors whose emoluments are reflected in the analysis shown in Note 8(c). The emoluments payable to the remaining two (2021: two) individuals during the year are as follows:

	2022 **S$'000**	2021 S$'000
Salaries and allowances	**204**	202
Discretionary bonuses	**25**	18
Employer's contribution to defined contribution plans	**25**	28
	254	248

The emoluments payable to the remaining two (2021: two) individuals above fell within the following bands:

	Number of individuals	
	2022	2021
Emolument band		
Nil – HK$1,000,000 (equivalent to S$Nil – S$172,000 (2021: S$Nil – S$173,000))	**2**	2

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the financial years ended 31 December 2022 and 31 December 2021.

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

c) Directors' and Chief Executive Officer's emoluments

For the financial year ended 31 December 2022:

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

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

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

For the financial year ended 31 December 2021:

Name	Fees S$'000	Salaries S$'000	Discretionary bonuses S$'000	Allowances and benefits in kind S$'000	Employer's contribution to defined contribution plans S$'000	Total S$'000
Executive directors:						
Mr. Tay Yong Hua (i)	–	420	80	2	10	512
Mr. Tay Yong Meng (ii)	–	300	–	–	9	309
Mr. Kenneth Teo (iii)	–	300	60	24	17	401
Mr. Chen Kaiben (iv)	–	–	–	–	–	–
	–	1,020	140	26	36	1,222
Non-executive director:						
Mr. Lu Xianglong (v)	42	–	–	–	–	42
Independent non-executive directors:						
Mr. Garnok Cheung (vi)	42	–	–	–	–	42
Ms. Zhang Xiuyan (vii)	42	–	–	–	–	42
Mr. Kwong Choong Kuen (viii)	22	–	–	–	–	22
	106	–	–	–	–	106

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

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

(i) Mr. Tay Yong Hua acts as executive chairman of the Company.

(ii) Mr. Tay Yong Meng was appointed as executive director of the Company on 21 June 2017 and resigned on 4 January 2020. However, he still acts as director of Sing Moh Electrical Engineering Pte Ltd, the Company's operating subsidiary.

(iii) Mr. Kenneth Teo was appointed as executive director and Chief Executive Officer on 21 June 2017 and resigned on 13 December 2019. He was re-appointed as executive director and Chief Executive Officer on 23 June 2020.

(iv) Mr. Chen Kaiben was appointed as executive director on 15 October 2020 and resigned on 30 August 2021.

(v) Mr. Lu Xianglong was appointed as non-executive director on 29 December 2020 and resigned on 17 June 2022.

(vi) Mr. Garnok Cheung was appointed as independent non-executive director on 11 June 2019.

(vii) Ms. Zhang Xiuyan was appointed as independent non-executive director on 1 October 2020 and resigned on 17 June 2022.

(viii) Mr. Kwong Choong Kuen was appointed as independent non-executive director on 23 June 2021.

(ix) Mr. Choong Pei Nung was appointed as independent non-executive director on 21 October 2022.

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

No incentive payment for joining the Group or compensation for loss of office was paid or payable to the directors of the Group during the financial years ended 31 December 2022 and 31 December 2021.

d) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the financial years ended 31 December 2022 and 31 December 2021.

e) Directors' termination benefits

None of the directors received or will receive any termination benefits during the financial years ended 31 December 2022 and 31 December 2021.

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

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

During the financial years ended 31 December 2022 and 31 December 2021, the Group did not pay consideration to any third parties for making available directors' services.

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

During the financial years ended 31 December 2022 and 31 December 2021, there were no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors.

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

Except as disclosed in Note 33, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director had a material interest, whether directly or indirectly; subsisted at the end of the year or at any time during the financial years ended 31 December 2022 and 31 December 2021.

9 LOSS BEFORE TAX

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

	2022 **S$'000**	2021 S$'000
Auditor's remuneration		
– Auditors of the Group	**118**	105
Fees for the non-audit services paid to		
– Auditors of the Group	**4**	4
Depreciation of property, plant and equipment *(Note 13)*	**487**	422
Depreciation of right-of-use assets *(Note 29)*	**200**	–
Dormitories expense	**117**	91
Subcontractor costs included in cost of services	**819**	3,978
Foreign currency exchange gains, net	**(22)**	(16)

10 TAX EXPENSE

Singapore corporate income tax has been provided for at the rate of 17% (2021: 17%) on the estimated assessable profit for the financial year ended 31 December 2022 as the Group is principally operating in Singapore.

No overseas profits tax has been calculated for entities of the Group that are incorporated in the British Virgin Islands or the Cayman Islands as they are exempted from tax (2021: Nil).

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

	2022	2021
	S$'000	S$'000
Deferred tax charged to other comprehensive income		
– current financial year *(Note 25)*	**–**	229

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

	2022	2021
	S$'000	S$'000
Loss before tax	**(911)**	(4,003)
Tax calculated at tax rate of 17% (2021: 17%)	**(155)**	(681)
Income not subject to tax	**(90)**	(434)
Expenses not deductible for tax purposes	**207**	1,088
Deferred tax assets not recognised	**38**	27
	–	–

Included in income not subject to tax mainly comprises JSS grant income of S$Nil (2021: S$402,000), gain on disposal of non-current asset held for sale of S$317,000 (2021: S$Nil), gain on disposal of freehold property of S$Nil (2021: S$1,604,000) and fair value gain on investment property of S$Nil (2021: S$478,000).

Included in expenses not deductible for tax purposes comprises fair value loss on financial asset at fair value through profit or loss of S$89,000 (2021: S$5,743,000) and impairment loss on property, plant and equipment S$80,000 (2021: S$Nil).

11 LOSS PER SHARE

a) Basic

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

	2022	2021
Loss attributable to the owners of the Company (S$'000)	**(911)**	(4,002)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	**915,600**	915,600
Loss per share (S$ cents per share)	**(0.10)**	(0.44)

b) Diluted

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

12 SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2022 and 31 December 2021 are as follows:

Name of entity	Place and date of incorporation	Issued and paid-up capital	Kind of legal entity	Principal activities and principal country of operation	Equity interest attributable to the Group	
					2022 **%**	2021 %
Directly held by the Company						
SME International Holdings Limited [(2)]	BVI, 18 May 2017	US$100	Limited liability company	Investment holding, British Virgin Islands	**100**	100
Solis (BVI) Investments Limited [(2)]	BVI, 26 September 2018	US$100	Limited liability company	Investment holding, British Virgin Islands	**100**	100

12 SUBSIDIARIES *(continued)*

Details of the subsidiaries of the Company as at 31 December 2022 and 31 December 2021 are as follows: (continued)

Name of entity	Place and date of incorporation	Issued and paid-up capital	Kind of legal entity	Principal activities and principal country of operation	Equity interest attributable to the Group	
					2022	2021
					%	%
Indirectly held by the Company						
Sing Moh Electrical Engineering Pte Ltd (1)	Singapore, 11 August 1988	S$1,500,000	Limited liability company	Provision of installations of mechanical and electrical systems, Singapore	**100**	100
ALBA Group Limited (2)	Hong Kong, 8 October 2018	HK$100	Limited liability company	Investment holding, Hong Kong	**100**	100
Hong Yi Construction Limited (2)	Hong Kong, 25 October 2019	HK$100	Limited liability company	Investment holding, Hong Kong	**51**	51
Aiyaree International Hotel Management Limited (2)	Hong Kong, 6 January 2020	HK$10,000	Limited liability company	Investment holding, Hong Kong	**100**	100
Ocean Fishers Aquatic Technologies Limited (2) (3)	Hong Kong, 10 November 2020	HK$10,000	Limited liability company	Investment holding, Hong Kong	**100**	100

(1) Audited by Baker Tilly TFW LLP.

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

(3) On 29 December 2021, the Company acquired additional 49% equity interest in Ocean Fishers Aquatic Technologies Limited, at consideration of HK$4,900 (S$852 equivalent) from the non-controlling interest of the Company who is also the director of Ocean Fishers Aquatic Technologies Limited. As a result of this acquisition, Ocean Fishers Aquatic Technologies Limited became a wholly-owned subsidiary of the Company. The carrying value of the additional interest acquired was S$160. The difference between the consideration and the carrying value of the additional interest acquired has been recognised as "Increase in ownership of a subsidiary" in the consolidated statement of changes in equity.

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

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land S$'000	Freehold building S$'000	Leasehold land and building S$'000	Plant and machinery S$'000	Computer and software S$'000	Office equipment S$'000	Motor vehicles S$'000	Renovations, furniture and fittings S$'000	Total S$'000
2022									
Cost or valuation									
Balance at 1 January 2022									
Cost	–	–	–	165	244	123	1,652	249	2,433
Valuation	10,800	2,700	–	–	–	–	–	–	13,500
	10,800	2,700	–	165	244	123	1,652	249	15,933
Additions	–	–	8,422	9	13	5	1,830	130	10,409
Disposals	–	–	–	(73)	–	–	(672)	(5)	(750)
Revaluation adjustments	1,200	–	(172)	–	–	–	–	–	1,028
Balance at 31 December 2022	12,000	2,700	8,250	101	257	128	2,810	374	26,620
Representing:									
Cost	–	–	–	101	257	128	2,810	374	3,670
Valuation	12,000	2,700	8,250	–	–	–	–	–	22,950
	12,000	2,700	8,250	101	257	128	2,810	374	26,620
Accumulated depreciation									
Balance at 1 January 2022	–	–	–	103	217	96	890	176	1,482
Depreciation charge	–	129	92	9	20	12	209	16	487
Disposals	–	–	–	(45)	–	–	(112)	(1)	(158)
Revaluation adjustments	–	(129)	(92)	–	–	–	–	–	(221)
Balance at 31 December 2022	–	–	–	67	237	108	987	191	1,590
Net carrying amount									
Balance at 31 December 2022	12,000	2,700	8,250	34	20	20	1,823	183	25,030

13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land S$'000	Freehold buildings S$'000	Plant and machinery S$'000	Computer and software S$'000	Office equipment S$'000	Motor vehicles S$'000	Renovations, furniture and fittings S$'000	Total S$'000
2021								
Cost or valuation								
Balance at 1 January 2021								
Cost	–	–	165	301	140	1,232	282	2,120
Valuation	19,294	5,429	–	–	–	–	–	24,723
	19,294	5,429	165	301	140	1,232	282	26,843
Additions	–	–	–	16	7	595	–	618
Disposals	(5,900)	(1,900)	–	(73)	(24)	(175)	(33)	(8,105)
Revaluation adjustments	800	200	–	–	–	–	–	1,000
Reclassified as held for sale *(Note 22)*	(3,394)	(1,029)	–	–	–	–	–	(4,423)
Balance at 31 December 2021	10,800	2,700	165	244	123	1,652	249	15,933
Representing:								
Cost	–	–	165	244	123	1,652	249	2,433
Valuation	10,800	2,700	–	–	–	–	–	13,500
	10,800	2,700	165	244	123	1,652	249	15,933
Accumulated depreciation								
Balance at 1 January 2021	–	–	87	249	94	945	163	1,538
Depreciation charge	–	211	16	41	16	115	23	422
Disposals	–	(58)	–	(73)	(14)	(170)	(10)	(325)
Revaluation adjustments	–	(119)	–	–	–	–	–	(119)
Reclassified as held for sale *(Note 22)*	–	(34)	–	–	–	–	–	(34)
Balance at 31 December 2021	–	–	103	217	96	890	176	1,482
Net carrying amount								
Balance at 31 December 2021	10,800	2,700	62	27	27	762	73	14,451

13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Included in property, plant and equipment are right-of-use assets included in motor vehicles with carrying amount of S$527,000 (2021: S$Nil) (Note 29).

Included in property, plant and equipment is a motor vehicle with carrying amount of S$1,002,000 (2021: S$368,000) held in trust by a director of the Company.

The Group recognised an impairment loss of S$80,000 (2021: S$Nil) in profit or loss (Note 6) and surplus on revaluation of S$1,329,000 (2021: surplus of S$1,119,000) in other comprehensive income for the financial year.

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

	2022 **S$'000**	2021 S$'000
Freehold land	**2,500**	2,500
Freehold buildings	**1,274**	1,355
Leasehold land and building	**8,330**	–

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

The Group's freehold property and leasehold property are stated at its revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the Group's freehold properties as at 31 December 2022 and 31 December 2021 and leasehold properties as at 31 December 2022 were performed by Cushman & Wakefield VHS Pte Ltd, an independent valuer who is not related to the Group. The effective dates of the revaluation are 31 December 2022 and 31 December 2021 respectively.

The fair value of the freehold property, comprising of freehold land and building, and leasehold land and building were determined based on market comparable approach that reflects recent transaction prices for similar properties.

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

13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

Description	Fair value as at	Valuation technique	Significant unobservable input	Sensitivity
	S$'000			
2021				
Freehold property A	13,500	Market comparison approach	Market price of S$1,343 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value

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

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

	Level 1	Level 2	Level 3	Fair value
	S$'000	S$'000	S$'000	S$'000
2022				
Freehold land	**–**	**–**	**12,000**	**12,000**
Freehold building	**–**	**–**	**2,700**	**2,700**
Leasehold land and building	**–**	**–**	**8,250**	**8,250**
	–	**–**	**22,950**	**22,950**
2021				
Freehold land	–	–	10,800	10,800
Freehold building	–	–	2,700	2,700
	–	–	13,500	13,500

13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

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

As at 31 December 2022, the freehold property and leasehold property with a carrying amount of S$22,950,000 (2021: S$13,500,000) have been pledged under a mortgage to secure a line of credit with one bank (2021: one bank) (Notes 28 and 32). The Group is not allowed to pledge these assets as security for other borrowings or sell it to any other parties without the consent of the bank.

14 INVESTMENT PROPERTY

	2022	2021
	S$'000	S$'000
Balance at beginning of year	**–**	4,177
Fair value change recognised in profit or loss *(Note 6)*	**–**	478
Reclassified as held for sale *(Note 23)*	**–**	(4,655)
Balance at end of year	**–**	–

This included the following related to investment property classified under Level 3 of the fair value hierarchy:

	2022	2021
	S$'000	S$'000
Fair value change recognised in profit or loss *(Note 6)*	**–**	478

The Group's investment property was held under freehold interests.

Fair value measurement of the Group's freehold property

In 2021, the fair value of the freehold property, comprising of freehold land and buildings located at 14 Tagore Lane, Singapore 787475, was determined based on the consideration agreed with a third-party buyer on 3 January 2022 subject to the terms and conditions of the Option Agreement.

In 2021, direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to S$22,000.

15 INTANGIBLE ASSETS

	2022 S$'000	2021 S$'000
Club memberships		
Fair value		
At 1 January	**248**	204
Disposals	**(184)**	–
(Deficit)/surplus on change in fair value included in other comprehensive income	**(2)**	44
At 31 December	**62**	248

The intangible assets have indefinite useful lives. If the intangible assets carried at fair value had been included in the financial statements at cost, the carrying amount would have been S$58,000 (2021: S$178,000).

At the end of each financial year, management reviews the fair value measurement of the club memberships to determine the fair value changes to be recognised in the revaluation reserve (Note 31 (b)). The fair values of intangible assets (Level 2 fair values) are based on broker quotes for club memberships at the reporting date.

16 INVESTMENT IN JOINT VENTURE

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

	2022 S$'000	2021 S$'000
Carrying amount		
Sing Moh Electrical Engineering Pte Ltd – China Jingye Engineering Corporation Limited (Singapore Branch) Joint Venture	**–**	–

16 INVESTMENT IN JOINT VENTURE *(continued)*

The following information relates to joint venture of the Group:

Name of Company	Principal place of business/Country of incorporation	Principal activity	Interest attributable to the Group	
			2022	2021
			%	%
Sing Moh Electrical Engineering Pte Ltd – China Jingye Engineering Corporation Limited (Singapore Branch) Joint Venture [1]	Singapore	Construction services	**70**	–

(1) Audited by Baker Tilly TFW LLP.

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

SMEE and CJY received the letter of award from LTA on 19 April 2022. The parties (i.e. SMEE and CJY) have then agreed to form an unincorporated contractual joint venture business solely to undertake the performance of the works and completion of the Contract (the "JV") in the agreed proportion of 70:30 for SMEE and CJY respectively. The name of the JV is "Sing Moh Electrical Engineering Pte Ltd – China Jingye Engineering Corporation Limited (Singapore Branch) Joint Venture".

According to the signed joint venture agreement dated 19 April 2022, the need for the funds as working capital shall be determined and proposed by SMEE and agreed by both parties. There is no request raised by both parties to raise funds as working capital as at 31 December 2022.

Notwithstanding the agreed proportion, both parties agree that the business and affairs of the JV shall be jointly controlled and managed by both parties. All matters in relation to the contract and the works shall require the approval of both parties. Each party has appointed one representative to approve all matters of the JV. In addition, subject to the terms of the JV, SMEE as the lead partner, shall be authorised to act for and on behalf of the JV on all matters by prior agreement in writing consent of CJY. Management has considered that the joint arrangement is structured through a separate vehicle and provides SMEE and CJY to the agreement with rights to the net assets or liabilities of the joint venture under the arrangement. Accordingly, this arrangement is classified as a joint venture in accordance with IFRS 11 Joint Arrangements.

This joint venture is measured using the equity method.

16 INVESTMENT IN JOINT VENTURE *(continued)*

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

	2022 S$'000
Revenue	**1,683**
Tax expense	**–**
Loss after tax	**(664)**
Group's share of losses of joint venture based on the proportion of ownership interest	**–**
Cash and cash equivalents	**–***
Current/total assets	**6,482**
Current/total liabilities	**(7,146)**
Net liabilities	**(664)**
Group's share of net liabilities based on proportion of ownership interest *(Note 27(A))*	**(465)**

* Amount is less than S$1,000.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 S$'000	2021 S$'000
Movement during the year:		
Fair value at beginning of the year	**9,888**	120
Additions	**11,530**	9,924
Disposals	**(11,346)**	–
Fair value loss on financial assets at fair value through other comprehensive income	**(970)**	(156)
Fair value at end of the year	**9,102**	9,888

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

Financial assets at FVOCI are analysed and presented as follows:

	2022 S$'000	2021 S$'000
Non-current		
Financial assets measured at FVOCI		
Quoted securities		
– SGD corporate fixed rate bonds of 4.00% to 6.90% per annum mature between February 2023 and June 2025	**–**	2,523
– SGD corporate variable rate bond of 4.20% per annum matures in September 2028	**–**	1,012
Unquoted security		
– SGD corporate fixed rate bond of 3.29% per annum matures in October 2026	**935**	997
Equity instruments designated at FVOCI		
Quoted security		
– SGD perpetual variable rate bonds of 3.07% to 5.65% per annum (2021: 3.07% to 5.50% per annum)	**7,463**	4,987
Equity security listed in Singapore	**141**	122
Equity security listed in Hong Kong	**563**	–
	9,102	9,641
Current		
Financial asset measured at FVOCI		
Quoted security		
– SGD corporate fixed rate bond of 6.00% per annum matures in March 2022	**–**	247
Total	**9,102**	9,888

18 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	S$'000	S$'000
Unquoted equity shares – measured at FVTPL		
Financial asset at fair value through profit or loss	**4,237**	4,326
Movement during the year:		
Fair value at beginning of the year	**4,326**	10,069
Fair value loss recognised in profit or loss *(Note 6)*	**(89)**	(5,743)
Fair value at end of the year	**4,237**	4,326

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

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

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

As at 31 December 2022, the fair value of the investment was determined by a valuation performed by an independent professional valuation firm in Thailand on 31 December 2022 using the income approach that reflects the value of the hotel property capable of producing income in the present worth of anticipated future net benefits. This fair value measurement is categorised in Level 3 of the fair value hierarchy. Changes in the fair value of financial asset at fair value through profit or loss, amounting to S$89,000 (2021: S$5,743,000) is included in profit or loss as part of "other losses – net" (Note 6).

19 TRADE RECEIVABLES

	2022 S$'000	2021 S$'000
Trade receivables – third parties	**562**	905

The Group grants credit terms to customers typically up to 35 days (2021: 35 days) from the invoice date for trade receivables. As at 31 December 2022 and 31 December 2021, the ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	2022 S$'000	2021 S$'000
1-30 days	**526**	737
31 – 60 days	**12**	156
61 – 90 days	**–**	–
Over 90 days	**24**	12
	562	905

20 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 S$'000	2021 S$'000
Deposits	**150**	97
Prepayments	**300**	109
Advances to staff	**3**	3
Other receivables	**4**	–
Interest receivables from financial assets at fair value through other comprehensive income	**59**	123
	516	332

21 CONTRACT ASSETS AND CONTRACT LIABILITIES

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

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

	2022 **S$'000**	2021 S$'000	1.1.2021 S$'000
Trade receivables from contracts with customers *(Note 19)*	**562**	905	883
Contract assets	**3,782**	3,681	2,593
Less: Impairment loss under ECL model *(Note 35.1(ii))*	**–**	(661)	(661)
	3,782	3,020	1,932
Contract liabilities	**1,797**	1,688	2,293

As at 31 December 2022, included in contract assets are retention receivables from customers for construction work amounting to S$1,248,000 (2021: S$2,108,000). Retention receivables from customers for contract work are released by stages on substantial completion and on final completion, which is after the defect liability period of the relevant contracts ranging from 12 to 18 months. Included in the retention receivables are carrying amounts of approximately S$400,000 (2021: S$230,000) which is expected to be recovered after 12 months of the reporting period. Retention receivables are unsecured, interest-free and expected to be received within the Group's normal operating cycle and hence classified as current assets in the consolidated statement of financial position.

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's construction business. The increase of contract assets during the financial year is mainly due to more installation services ahead of the agreed payment schedules. Contract liabilities relate to advance consideration received from customers and billing in excess of revenue recognised to-date. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contract. Contract liabilities for billing in excess of revenue has increased due to more contracts in which the Group billed and received consideration ahead of provision of services.

22 INVENTORIES

	2022 S$'000	2021 S$'000
Raw materials, at cost	48	119

In 2022, raw materials included as cost of services amounted to S$7,933,000 (2021: S$4,780,000).

23 NON-CURRENT ASSET HELD FOR SALE

	2022 S$'000	2021 S$'000
Property as held for sale	–	9,044

In 2021, the directors of the Company approved the disposal of a freehold property of the Group and therefore had reclassified the carrying amount for the property of S$9,044,000 (Notes 13 and 14) as non-current asset held for sale.

On 3 January 2022, a third-party buyer accepted and exercised the option granted by the Group under the Option Agreement and the buyer agreed to purchase the aforesaid freehold property at a consideration of S$9,500,000 subject to the terms and conditions of the Option Agreement.

The disposal of the freehold property has been completed on 28 March 2022. Upon the completion of the disposal, the Group recognised a gain on disposal of S$317,000 in 2022, after deducting relevant direct expenses related to the disposal. The gain on disposal is included in other losses – net (Note 6).

Details of freehold land and building owned by the Group which are classified as asset held for sale as at 31 December 2021 are as follows:

Location	Description	Area sqm	Title	The Group's interest %	Carrying amount (S$'000)
14 Tagore Lane, Singapore 787475	Office, warehouse and workers' dormitory building	498.6	Freehold	100	9,044*

* The carrying amount represents S$4,389,000 and S$4,655,000 transferred from property, plant and equipment (Note 13) and investment property (Note 14) respectively.

As at 31 December 2021, the freehold property was pledged under a mortgage to secure a line of credit with a bank and the pledge was subsequently discharged upon the completion of disposal (Note 32).

24 PLEDGED FIXED DEPOSITS/CASH AND CASH EQUIVALENTS

	2022	2021
	S$'000	S$'000
Cash on hand	**11**	6
Cash at banks *(Note A)*	**17,659**	13,949
Fixed deposits	**6,366**	–
Cash and cash equivalents at consolidated statement of financial position	**24,036**	13,955
Less: net cash held on behalf of joint venture *(Note 27(D))*	**(6,338)**	–
Cash and cash equivalents at consolidated statement of cash flows	**17,698**	13,955
Pledged fixed deposits	**1,711**	211

The fixed deposits which mature within 2 to 3 months carry interest ranging from 3.70% to 4.14% per annum.

Pledged fixed deposits have an original maturity of 12 months for the purpose of securing the line of credit of S$17,481,000 (2021: S$5,780,000) granted to the Group. The balances are rolled forward on their maturity in January and March each year, and carry interest ranging from 0.10% to 0.26% per annum (2021: 0.10%) per annum.

Note A: Included in cash at banks is a call deposit amount of S$69,000 (2021: S$149,000) placed with a fund manager for investment purposes (Note 17).

25 DEFERRED TAX LIABILITIES

The movements on the deferred tax liabilities are as follows:

	Revaluation of freehold building included in property, plant and equipment	
	2022	2021
	S$'000	S$'000
Balance at 1 January	**229**	–
Charged to other comprehensive income *(Note 10)*	**–**	229
Balance at 31 December	**229**	229

Deferred tax assets are recognised for unabsorbed tax losses and other deductible temporary differences carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Singapore incorporated subsidiary of the Group has unabsorbed tax losses of approximately S$9,656,000 (2021: S$9,620,000) and other deductible temporary differences of S$367,000 (2021: S$177,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. No deferred tax asset has been recognised in respect of these unabsorbed tax losses and other deductible temporary differences as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. These income tax losses have no expiry dates.

26 TRADE PAYABLES AND TRADE ACCRUALS

	2022	2021
	S$'000	S$'000
Trade payables	**1,776**	1,200
Trade accruals	**351**	460
	2,127	1,660

Trade payables at the end of the financial year comprise amounts outstanding to suppliers and subcontractors. The average credit period taken for trade purchase is generally 30 to 90 days or payable upon delivery. As at 31 December 2022 and 31 December 2021, the ageing analysis of the trade payables, based on invoice date, are as follows:

	2022	2021
	S$'000	S$'000
Within 90 days	**1,604**	876
Over 90 days	**172**	324
	1,776	1,200

27 OTHER PAYABLES AND ACCRUED EXPENSES

	2022	2021
	S$'000	S$'000
Accrued operating expenses	**1,339**	1,178
Provision for share of net liabilities of joint venture *(Note A)*	**465**	–
Other payables *(Note B)*	**2,688**	2,795
Advance purchase consideration	**–**	95
Amount due to a former shareholder *(Note C)*	**1**	1
Amount due to joint venture *(Note D)*	**6,338**	–
	10,831	4,069

Note A: The amount pertains to the Group's share of net liabilities for which the Group has obligations to the joint venture (Note 16).

Note B: Included in other payables is S$2,169,000 (2021: S$2,187,000) which is related to the unpaid purchase consideration for acquisition in D.D. Resident Co. Ltd. (Note 18). The movement during the financial year is primarily due to exchange differences. The amount is denominated in HKD.

Note C: The amount due to a former shareholder is non-trade in nature, unsecured, interest-free and repayable on demand.

Note D: This mainly pertains to the mobilisation advance received from a third-party customer on behalf of the joint venture (Note 24).

28 BANK BORROWING

	2022 S$'000	2021 S$'000
Non-current		
Bank loans	**5,479**	–
Current		
Bank loans	**136**	–

The bank borrowing related to a commercial property loan for the purchase of new leasehold building during the financial year. The bank loan is secured by a first mortgage over the Group's leasehold land and buildings (Note 13). The bank loans are repayable over 25 years from September 2022 and interest is payable at 0.88% plus 3-month Singapore Overnight Rate Average ("SORA") in the first year, 1.08% plus 3-month SORA in the second year and 2.0% plus 3-month SORA in the third year onwards. The carrying amounts of the bank borrowing approximate their fair value as of the end of financial year.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2022 S$'000
Balance at 1 January	**–**
Changes from financing cash flows:	
– Proceeds	**5,670**
– Repayments	**(55)**
– Interest paid	**(48)**
Non-cash changes:	
– Interest expense *(Note 7)*	**48**
Balance at 31 December	**5,615**

29 LEASES

(a) The Group as a lessee

The Group leases office space and motor vehicle from non-related parties. The leases have an average tenure of between two to three years with no renewal clause.

The maturity analysis of the lease liabilities is disclosed in Note 35.1(iv).

Information about leases for which the Group is a lessee is presented below:

Carrying amount of right-of-assets

	2022 **S$'000**	2021 S$'000
Office space	**335**	–
Classified within property, plant, and equipment		
Motor vehicle *(Note 13)*	**527**	–

Amounts recognised in profit or loss

	2022 **S$'000**	2021 S$'000
Depreciation charge for the year		
Motor vehicle	**15**	–
Office space	**200**	–
Interest expense on lease liabilities	**12**	–
Lease liabilities are presented in the balance sheet as follows:		
Non-current	**189**	–
Current	**334**	–
	523	–

29 LEASES *(continued)*

(a) The Group as a lessee *(continued)*

Amounts recognised in profit or loss *(continued)*

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Lease liabilities 2022 S$'000
Balance at 1 January	**–**
Additions	**735**
Changes from financing cash flows:	
– Repayments	**(212)**
– Interest paid	**(12)**
Non-cash changes	
– Interest expense *(Note 7)*	**12**
Balance at 31 December	**523**

Total cash flow for leases amounted to S$224,000 (2021: S$Nil).

(b) The Group as a lessor

The Group leased out its leasehold building and investment property to third parties for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. Income from leasing out its leasehold building and investment property recognised during the financial year was S$202,000 (2021: S$146,000).

Subleases – classified as operating leases

The Group leases office space under a head lease arrangement and subleases the office space to third parties as an intermediate lessor. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases. Income from subleasing recognised during the financial year was S$150,000 (2021: S$Nil).

Maturity analysis of lease payments – the Group as a lessor/intermediate lessor

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	2022 S$'000	2021 S$'000
Less than one year	**590**	125

30 SHARE CAPITAL AND SHARE PREMIUM

a) Share capital

	2022 Number of shares	**2022** HK$'000	2021 Number of shares	2021 HK$'000
Authorised:				
Ordinary shares of HK$0.01 each				
At 1 January and 31 December	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid:				
At 1 January and 31 December	**915,600,000**	**1,585**	915,600,000	1,585

b) Share premium

	Share premium S$'000
At 1 January 2021, 31 December 2021 and 31 December 2022	**34,440**

31 RESERVES

a) Merger reserve

Merger reserve represents the share capital of the subsidiary when entities under common control are accounted for by applying the pooling of interest method arising from group reorganisation in 2017.

b) Revaluation reserve for intangible assets

The revaluation reserve arises from surplus on revaluation of intangible assets as set out in Note 15.

c) Revaluation reserve for financial assets at FVOCI

The revaluation reserve arises from the revaluation of quoted debt and equity securities as set out in Note 17.

d) Revaluation reserve for property, plant and equipment

The revaluation reserve arises from the revaluation of freehold properties as set out in Note 13.

32 BANKING FACILITIES

a) In 2021, the Group has a banking facility for a line of credit amounting to S$5,780,000. The facility comprises S$2,500,000 for Money Market Loan (MML), S$200,000 for Overdraft (OD), S$3,000,000 for issuing Performance Guarantee (PG) and S$80,000 for Credit Card limit. If the line of credit is utilised, interest charged on the MML would be based on 2.50% of bank cost of funds or at such other rate at the sole discretion of the bank, interest charged on the OD would be 0.50% per annum over the bank's prime lending rate, and the commission payable to the bank would be at 0.90% per annum on the full amount of the PG to be issued and for its full duration subject to the bank's prevailing minimum commission. The line of credit is secured by the mortgage over Freehold Property A, Leasehold Property B and the fixed deposit placed with the bank.

   In July 2022, the Group revised the banking facility for a line of credit amounting to S$17,481,000. The facility comprises S$5,670,000 for a 25-year Commercial Property Loan (Note 28), S$6,840,000 for issuing Performance Guarantee (PG), S$4,891,000 for issuing Advance Performance Bond (APB) and S$80,000 for Credit Card limit. If the line of credit is utilised, interest charged on the PG would be 0.90% per annum on the full amount of the PG to be issued and for its full duration over the bank's prevailing minimum commission, interest charged on the APB would be 0.50% per annum on the full amount of the APB to be issued and for its full duration subject to the bank's prevailing minimum commission. The line of credit is secured by the mortgage over Freehold Property A, Leasehold Property B and the fixed deposit of S$211,000 placed with the bank (Note 24).

   As at 31 December 2022, the Group utilised the Commercial Property Loan, PG and APB banking facilities of S$15,453,000 (2021: S$1,948,000).

b) The Group has banking facility with another bank, for a consolidated facility limit of S$1,500,000 (2021: S$1,000,000), which can be used for Letters of Credit ("LCs"), acceptance and loan against trust receipts, import loan and invoice financing, shipping guarantees, bonds and guarantees. If the line of credit is utilised, interest charged would be based on bank's cost of funds + 2.00% or standard commission charged. As at 31 December 2021, the line of credit is secured by the mortgage over a freehold property classified as held for sale (Note 23). As at 31 December 2022, the line of credit is secured by the fixed deposit of S$1,500,000 placed with the bank (Note 24).

   The above banking facility remained unutilised during both financial years.

33 RELATED PARTIES TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and a related party during the financial year on terms agreed by the parties concerned:

	2022	2021
	S$'000	S$'000
Joint venture *(Note 16)*		
Management fee income charged to *(Note 5)*	**1,621**	–
Cash received on behalf	**8,526**	–
Payments made on behalf	**(2,188)**	–

b) Key management personnel compensation

Key management personnel includes the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Key management personnel includes executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	2022	2021
	S$'000	S$'000
Salaries, allowances and benefits in kind	**1,331**	1,308
Employer's contribution to defined contribution plans	**53**	51
	1,384	1,359

Further information regarding directors' emoluments is disclosed in Note 8.

34 FINANCIAL INSTRUMENTS BY CATEGORIES

The Group's financial instruments at their carrying amounts at the end of the financial year include the following:

	2022 S$'000	2021 S$'000
Financial assets:		
At amortised cost	**26,525**	15,294
At fair value through other comprehensive income	**9,102**	9,888
At fair value through profit or loss	**4,237**	4,326
	39,864	29,508
Financial liabilities:		
At amortised cost	**18,749**	5,069

35 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

35.1 Financial risk factors

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign exchange risk, credit risk, cash flow and fair value interest rate risk, liquidity risk and price risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance.

i) Foreign exchange risk

The Group has currency exposures denominated in a currency other than the functional currency of the Group's entities, which is S$. The foreign currency in which these balances are denominated is mainly Hong Kong Dollar ("HKD").

As at 31 December 2022, the Group's financial assets and financial liabilities are mainly denominated in S$ and have no significant foreign currency risk exposure except for the following which are denominated in HKD.

	2022 S$'000	2021 S$'000
Financial assets denominated in HKD:		
Cash and cash equivalents	**737**	963
Financial liabilities denominated in HKD:		
Accruals and other payables	**(2,343)**	(2,326)
Net financial liabilities denominated in HKD	**(1,606)**	(1,363)

35 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

35.1 Financial risk factors *(continued)*

i) Foreign exchange risk *(continued)*

Sensitivity analysis

If the SGD strengthened/weakened against the HKD by 10% with all other variables including tax rate being held constant, the loss after tax will increase/decrease by approximately S$133,000 (2021: S$113,000) arising from exchange gain/loss respectively.

ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk.

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% (2021: 99%) of the total financial assets as at 31 December 2022.

The Group is exposed to concentration of credit risk at 31 December 2022 on trade receivables from the Group's top five major customers which accounted for 86% (2021: 94%) of the Group's total trade receivables. The major customers of the Group are certain reputable organisations.

In order to minimise credit risk, the management of the Company have delegated its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

35 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

35.1 Financial risk factors *(continued)*

ii) Credit risk *(continued)*

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

35 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

35.1 Financial risk factors *(continued)*

ii) Credit risk *(continued)*

Significant increase in credit risk (continued)

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- where there is a breach of financial covenants by the debtor or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

35 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

35.1 Financial risk factors *(continued)*

ii) Credit risk *(continued)*

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowance.

Movements in credit loss allowance for contract assets are as follows:

	Contract assets	
	2022	2021
	S$'000	S$'000
Balance as at 1 January	**661**	661
Write off	**(661)**	–
Balance as 31 December *(Note 21)*	**–**	661

Trade receivables and contract assets

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

35 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

35.1 Financial risk factors *(continued)*

ii) Credit risk *(continued)*

Credit quality of financial assets

The table below details the credit quality of the Group's financial assets and contract assets:

2022	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		S$'000	SS$'000	S$'000
Trade receivables	Lifetime ECL	**562**	**–**	**562**
Contract assets	Lifetime ECL	**3,782**	**–**	**3,782**
Other receivables and deposits	12-month ECL	**216**	**–**	**216**
Pledged fixed deposits	12-month ECL (Exposure limited)	**1,711**	**–**	**1,711**
Cash and cash equivalents	12-month ECL (Exposure limited)	**24,036**	**–**	**24,036**
2021				
Trade receivables	Lifetime ECL	905	–	905
Contract assets	Lifetime ECL	3,681	(661)	3,020
Other receivables and deposits	12-month ECL	223	–	223
Pledged fixed deposit	12-month ECL (Exposure limited)	211	–	211
Cash and cash equivalents	12-month ECL (Exposure limited)	13,955	–	13,955

iii) Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk arises primarily from their financial assets at fair value through other comprehensive income. Financial assets at fair value through other comprehensive income at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Financial assets at fair value through other comprehensive income at fixed rates expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates). The sensitivity analysis for interest rate risk is not disclosed as a reasonably possible fluctuation in the market interest rates is not expected to have a significant impact on the Group's profit or loss.

35 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

35.1 Financial risk factors *(continued)*

iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources to meet its financial commitments. The Group does not have any significant liquidity risk.

The table below summarises the maturity profile of the Group's and the Company's non- derivative financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

Group	1 year or less S$'000	1 to 5 years S$'000	Over 5 years S$'000	Total S$'000
2022				
Trade and other payables	12,611	–	–	12,611
Bank borrowing	360	1,585	7,904	9,849
Lease liabilities	347	194	–	541

All financial liabilities in 2021 are due within the next twelve months.

v) Price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as financial assets at fair value through other comprehensive income. Investments are held for strategic rather than trading purposes.

The Group does not actively trade these investments.

Sensitivity analysis for equity price risk

At the reporting date, if the prices of the Group's equity securities change by 5% (2021: 5%) higher/lower with all other variables held constant, the Group's revaluation reserve in equity would have been S$408,000 (2021: S$255,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as FVOCI.

35.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The capital of the Group consists of share capital, retained earnings, share premium and other reserves and the Group's overall strategy remains unchanged from 2021.

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

35 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

35.3 Fair value of assets and liabilities

(a) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly; and

(iii) Level 3: unobservable inputs for the asset or liability.

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the consolidated statement of financial position at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
2022				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Quoted perpetual bonds	–	7,463	–	7,463
– Quoted equity securities	704	–	–	704
– Unquoted debt security	–	935	–	935
Financial asset at fair value through profit or loss	–	–	4,237	4,237
Total financial assets	704	8,398	4,237	13,339
Non-financial assets				
Property, plant and equipment				
– Freehold land and building	–	–	14,700	14,700
– Leasehold land and building	–	–	8,250	8,250
Intangible assets				
– Investment in club memberships	–	62	–	62
Total non-financial assets	–	62	22,950	23,012

35 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

35.3 Fair value of assets and liabilities *(continued)*

(b) Fair value measurements of assets and liabilities that are measured at fair value *(continued)*

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the consolidated statement of financial position at the end of the reporting period (continued):

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Recurring fair value measurements				
2021				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Quoted debt securities	–	3,782	–	3,782
– Quoted perpetual bonds	–	4,987	–	4,987
– Quoted equity security	122	–	–	122
– Unquoted debt security	–	997	–	997
Financial asset at fair value through profit or loss	–	–	4,326	4,326
Total financial assets	122	9,766	4,326	14,214
Non-financial assets				
Property, plant and equipment				
– Freehold land and building	–	–	13,500	13,500
Intangible assets				
– Investment in club memberships	–	248	–	248
Total non-financial assets	–	248	13,500	13,748
Non-recurring fair value measurement				
Non-current asset held for sale	–	–	9,044	9,044

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the Group's current financial assets and current financial liabilities approximate their fair values as at the reporting date due to their short-term maturities.

35 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

35.3 Fair value of assets and liabilities *(continued)*

(d) Valuation process applied by the Group

The fair values of investment property and property, plant and equipment – freehold and leasehold properties are determined by external, independent property valuers, having appropriate professional qualifications and experience in the relevant locations and category of property being valued at the end of every financial year. For valuation performed by external valuers, management considers the appropriateness of the valuation technique and assumptions applied by the external valuers. The measurement of fair values of other assets and liabilities within Level 3 fair value hierarchy is performed by the Group's finance department on an annual basis. If third party quotes or pricing information are used to measure fair value, the finance department assesses the evidence obtained from the third parties to assess if such valuations meet the IFRS and the fair value level hierarchy the measurement should be classified in. The valuation reports and changes in fair value measurements are analysed and reported to the Group's Chief Financial Officer regularly. Significant valuation issues are reported to the Audit Committee.

36 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities or guarantees as at 31 December 2022 (2021: Nil).

37 DIVIDENDS

No dividend has been paid or declared by the Company during the financial year (2021: S$Nil).

38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	2022 S$'000	2021 S$'000
Non-current assets			
Investment in subsidiaries		**– ***	– *
Financial assets at fair value through other comprehensive income		**8,961**	9,519
Total non-current assets		**8,961**	9,519
Current assets			
Amount due from subsidiaries		**10,369**	16,846
Financial assets at fair value through other comprehensive income		**–**	247
Prepayments		**12**	55
Interest receivable		**59**	123
Cash and cash equivalents		**6,732**	532
Total current assets		**17,172**	17,803
Total assets		**26,133**	27,322
Current liabilities			
Other payables		**2,480**	2,467
Total liabilities		**2,480**	2,467
Net assets		**23,653**	24,855
Equity			
Share capital	*(a)*	**1,585**	1,585
Share premium	*(a)*	**34,440**	34,440
Revaluation reserve	*(a)*	**(1,092)**	(158)
Accumulated losses	*(a)*	**(11,280)**	(11,012)
Total equity		**23,653**	24,855

* Amount less than S$1,000

38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

Note (a) – Reserve movement of the Company

	Share capital S$'000	Share premium S$'000	Revaluation reserve for financial assets at FVOCI S$'000	Accumulated losses S$'000	Total S$'000
Balance at 1 January 2021	1,585	34,440	–	(5,096)	30,929
Comprehensive loss					
Loss for the financial year	–	–	–	(5,916)	(5,916)
Other comprehensive loss for the financial year	–	–	(158)	–	(158)
Balance at 31 December 2021	1,585	34,440	(158)	(11,012)	24,855
Comprehensive loss					
Loss for the financial year	–	–	–	(213)	(213)
Other comprehensive loss for the financial year	–	–	(989)	–	(989)
Transfer upon disposal of financial assets at fair value through other comprehensive income	–	–	55	(55)	–
Balance at 31 December 2022	**1,585**	**34,440**	**(1,092)**	**(11,280)**	**23,653**

Five Years Financial Summary

RESULTS	Year ended 31 December 2022 S$'000	Year ended 31 December 2021 S$'000	Year ended 31 December 2020 S$'000	Year ended 31 December 2019 S$'000	Year ended 31 December 2018 S$'000
Revenue	**13,693**	14,638	7,169	19,900	19,036
(Loss) Profit before taxation	**(911)**	(4,003)	(3,129)	(7,615)	1,496
Income tax credit (expense)	**–**	–	–	48	(759)
(Loss) Profit for the year	**(911)**	(4,003)	(3,129)	(7,567)	737
Attributable to owners of the Company	**(911)**	(4,002)	(3,129)	(7,564)	737
Non-controlling interests	**–***	(1)	–	(3)	–
	(911)	(4,003)	(3,129)	(7,567)	737
ASSETS AND LIABILITIES					
Total assets	**69,421**	56,499	59,965	52,869	62,233
Total liabilities	**21,222**	7,646	7,886	5,504	6,545
Total equity	**48,299**	48,853	52,079	47,365	55,688
Equity attributable to owners of the Company	**48,302**	48,856	52,081	47,368	55,688
Non-controlling interests	**(3)**	(3)	(2)	(3)	–
	48,299	48,853	52,079	47,365	55,688

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