明光集團
BENG KUANG GROUP

EXCELLENCE IN MOTION : BKM2.0

ANNUAL REPORT 2024

CONTENTS

OUR VISION

We aspire to be the Preferred Partner in providing integrated solutions for the offshore and marine industries.

OUR MISSION

With our core strengths and capabilities, we aim to drive sustainable growth in our business activities with new value propositions in the offshore and marine industries.

CORPORATE PROFILE

THE BUSINESS ROOTS OF BENG KUANG GROUP WAS STARTED IN 1990S AS A SUB-CONTRACTOR PROVIDING CORROSION PREVENTION SERVICES TO SHIPYARDS. SINCE THEN, THE GROUP HAS GROWN PROGRESSIVELY OVER THE PAST FEW DECADES, SPECIALISING IN VARIOUS ASPECTS OF THE MARINE AND OFFSHORE ENERGY INDUSTRIES.

The Group has been listed on the Mainboard of the Singapore Exchange since 15 October 2004.

Today, the Group's asset-light and service-centric business model is anchored by two core business divisions of Infrastructure Engineering ("IE") and Corrosion Prevention ("CP"), in the marine and offshore energy industries, particularly within the FPSOs and FSOs markets.

Leveraging on our core capabilities, Beng Kuang Group is well positioned globally to create new value propositions within the FPSOs and FSOs markets with our in-house asset integrity services as well as the supply of pedestal cranes and deck equipment. At the same time, we aim to leverage on our established 30-year track record in CP to expand our business presence in Asia.

Forging ahead with an innovative and operating mindset, Beng Kuang Group continues to strive to be the "Preferred and Trusted Partner" in providing total solutions for the offshore and marine industries, aligning our business activities towards new market trends and opportunities.

OUR CORE BUSINESS DIVISIONS

1. Infrastructure Engineering ("IE")

Providing a wide range of engineering services including asset integrity solution, repairs and maintenance of floating production platforms, offshore and onshore marine fabrications; and the production and supply of customised pedestal cranes and deck equipment.

2. Corrosion Prevention ("CP")

Providing comprehensive corrosion protection services such as surface preparation and application of protective coatings as part of the marine and offshore energy sectors.

EXECUTIVE CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Beng Kuang Marine Limited (together with its subsidiaries called Beng Kuang Group), I am pleased to present Beng Kuang Group's Annual Report for the financial year ended 31 December 2024 ("FY2024").

The past 12 months have been another remarkable journey for the Group as we continue to achieve progressive business results, driven by the strategic initiatives spearheaded by our CEO, Mr. Yong Jiunn Run in recent years.

Our strategic pivot towards an asset-light and service-oriented business model that is anchored by our two core business divisions, IE and CP, has been a starting point for our transformation, but it has not come without challenges.

Our transformative journey required resilience, adaptability, and dedication from every member of our team. Through collective effort and a shared vision, we have navigated industry uncertainties and operational complexities.

Today, I am pleased to share that Beng Kuang Group is firmly back to profitability, with a significant improvement in our financial results and performance metrics in FY2024, alongside a strengthened balance sheet that will support our future ambitions.

In FY2024, Beng Kuang Group delivered strong organic revenue growth of 41.3% to S$111.88 million, as compared to FY2023's revenue of S$79.16 million, particularly revenue contribution from IE has been growing progressively over the past few years, becoming the main revenue contributor to the Group.

With unique value propositions driven by a service-centric business, the Group's IE provides asset integrity solutions and services for operating floating assets (such as Floating Production Storage and Offloading vessels and Floating Storage and Offloading vessels, among others).

Over the years, IE has established itself as a proficient "one-stop" in-situ turnkey solutions provider with new value propositions within the global offshore and industry, particularly in the new build sector with onshore support services.

Additionally, the Group's deck equipment business, under IE, also saw revenue growth in FY2024 and building on this momentum, the Group is actively pursuing new project tenders in key marine and offshore hubs regionally.

The Group's CP also delivered improved gross profit growth with the focus on higher margin projects in FY2024.

EXECUTIVE CHAIRMAN'S STATEMENT

Group's Net Profit

S$21.19M ↑ 167.7%

(FY2023: S$7.92m)

Cash and Cash Equivalents

S$22.92M ↑ 88.0%

(FY2023: S$12.19m)

Total Equity

S$28.47M ↑ 140.3%

(FY2023: S$11.85m)

Driven by strong underlying performance of our two core business divisions, the Group's net profit surged 167.7% to S$21.19 million in FY2024 with net cash inflow of S$14.75 million generated from operating activities.

The Group's balance sheet further strengthened with cash and cash equivalents increasing significantly to S$22.92 million and total equity increasing to S$28.47 million as at 31 December 2024

More details of our financial and operating performance in FY2024 can be found in the FINANCIAL and OPERATIONS REVIEW section of this annual report.

Underscoring our confidence in the Group's financial stability, we are pleased to propose a dividend of S$0.006 per share to reward shareholders.

STRATEGIC GROWTH AND OPERATIONAL EXCELLENCE

Over the past year, we have remained focused on enhancing operational efficiency, optimising cost structures, and expanding into key markets. Focusing on our core competencies, we see significant opportunities to further expand our business presence and solidify our market position.

With organic revenue growth driven by improved operational efficiencies and disciplined financial management, we have also made significant strides in digital transformation, leveraging technology to enhance productivity and streamline workflows across our business functions.

Despite headwinds in the macro environment, our business model has demonstrated agility in adapting to evolving industry trends and a key pillar of this achievement lies in our people.

Our employees are the driving force behind our transformation and business performance, and we remain committed to fostering a culture of wellbeing, collaboration, and continuous learning so that they can reap the tangible benefits of their efforts and contributions.

A NOTE OF THANKS AND APPRECIATION

As we step into the next phase of our growth journey from a strengthened position, we do so with confidence, resilience, and a clear strategic vision.

The progress we have made is a testament to the dedication and collective effort of our leadership team, employees, and partners.

On this note, I would like to take this opportunity to express my heartfelt appreciation to my fellow directors for their commitment, invaluable guidance, and counsel throughout the past year.

Additionally, I extend my sincere gratitude to our shareholders, customers, bankers, suppliers, and business partners for their steadfast support and trust in Beng Kuang Group, where your confidence in our vision and capabilities has been a cornerstone of our progress.

With a commitment to continuous improvement via our 2.0 business model, we are excited about the opportunities that lie ahead to deliver sustainable growth and create lasting value for our stakeholders.

Thank you!

MR. CHUA BENG YONG
Executive Chairman

ADVANCING TOWARDS BKM 2.0

BUILDING SUSTAINABLE GROWTH WITHIN THE GLOBAL OFFSHORE AND MARINE INDUSTRY

ANCHORED BY OUR TWO CORE BUSINESS UNITS

INFRASTRUCTURE ENGINEERING

CORROSION PREVENTION

X

KEY BUSINESS PILLARS

01 STRATEGIC MARKET POSITIONING

02 VALUE-LED TRANSFORMATION

03 FINANCIAL RESILIENCY

04 ROBUST RISK MANAGEMENT

05 TALENT OPTIMISATION

06 ESG INTEGRATION

+

KEY FOCUS AREAS

- Enhance Core Capabilities & Entrenching Lead Market Position
- Building Fresh Capabilities & New Revenue Streams
- Develop and Incubate New Business & Ventures
- Strategic Partnerships
- Capex-light and Service-centric Model
- Talent Acquisition
- Improve Cost & Operating Efficiency

明 光 集 團
BENG KUANG GROUP
2.0

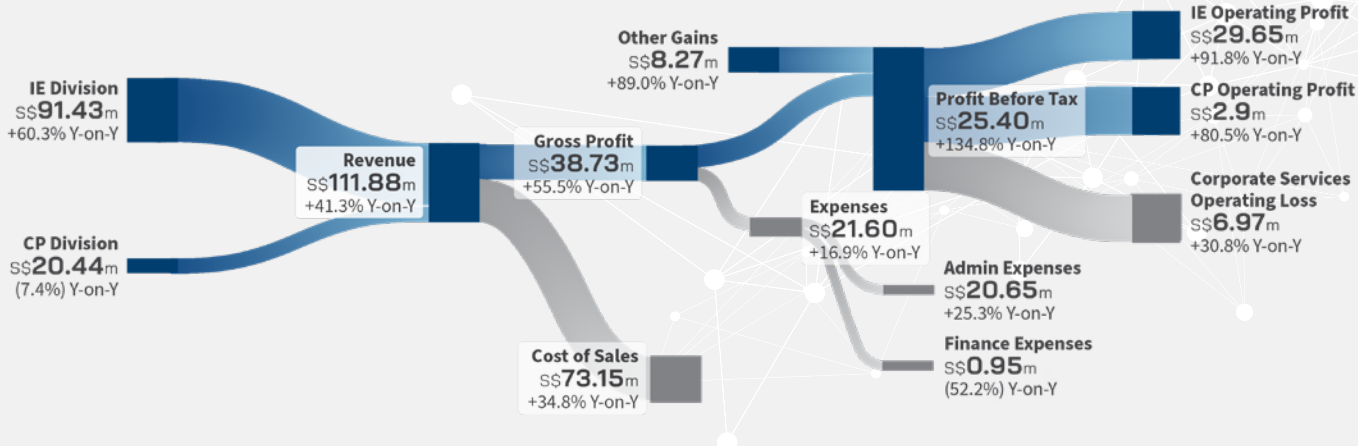
FINANCIAL HIGHLIGHTS

Revenue
S$111.88M ↑ 41.3%
(FY2023: S$79.16m)

Profit/(Loss) Before Tax
S$25.40M ↑ 134.8%
(FY2023: S$10.82m)

EBITDA
S$29.25M ↑ 84.7%
(FY2023: S$15.84m)

KEY SEGMENT RESULT FOR FY2024



3 YEAR FINANCIAL POSITIONS

	2024	2023	2022
Income Statement (S$'000)			
Revenue	111,883	79,162	59,134
Profit/(loss) before tax	25,400	10,818	(5,548)
EBITDA	29,246	15,843	(13,548)
Attributable profit/(loss)	11,538	3,424	(21,829)
Balance Sheet (S$'000)			
Total assets	74,112	63,001	57,387
Total liabilities	(45,641)	(51,149)	(52,411)
Net debt	Net Cash	(1,955)	(15,479)
Tangible net worth	28,472	11,852	4,976
Financial Ratios			
Basic Earnings per Share - Basic (in cents)	5.79	1.72	(10.96)
- Diluted (in cents)	5.79[1]	1.72	(10.96)
Net Asset Value per Share (in cents)	10.54	4.79	3.08
Net gearing ratio (%)	Net Cash	16.5%	311.1%
Current Ratio	1.53	1.03	0.74
JAWS Ratio[2] (%)	24.3%	18.4%	3.6%

(1) As at financial year ended 31 December 2024, shareholders hold 59,763,110 bonus warrants. These are anti-dilutive because the exercise price of S$0.22 is higher than the average market price in 2024.

(2) JAWS ratio = (Income Growth Rate) - (Expense Growth Rate)

FINANCIAL & OPERATIONS REVIEW

In recent years, the Group's transition to an asset-light, service-oriented business model continues to gain traction and deliver encouraging results.

For the financial year ended 31 December 2024 ("FY2024"), our core business divisions, IE and CP, delivered organic revenue growth of 41.3% to S$111.88 million in FY2024.

Rationalising and streamlining initiatives, together with the exit of the Group's loss-making business operations, undertaken in recent years have progressively improved the Group's gross profit margin to 34.6% in FY2024, as compared to 31.5% in FY2023, driving gross profit growth of 55.5% to S$38.73 million in FY2024

Net cash inflow generated from operating activities was S$14.75 million in FY2024, with the Group's balance sheet strengthening with cash and cash equivalents increasing significantly to S$22.92 million and total equity increasing to S$28.47 million as at 31 December 2024.

Building on the positive business momentum in FY2024, the Group remains optimistic with a view to develop new value propositions within the offshore and marine industry. However, the Group will remain vigilant against geopolitical risks and global economic uncertainties, maintaining agility to navigate challenges ahead.

OPERATIONS REVIEW

GROUP

REVENUE

Group Revenue Growth: In FY2024, the Group's revenue increased by 41.3% or S$32.72 million from S$79.16 million in FY2023 to S$111.88 million in FY2024. This significant growth was largely driven by the robust performance of the IE segment.

IE Segment Performance: The Group's IE division achieved strong revenue growth of 60.3% or S$34.40 million, rising from S$57.03 million in FY2023 to S$91.43 million in FY2024. This growth was attributable to Group's expansion in various sectors of the offshore and marine industry, resulting in increased demand for FPSO and FSO contracting and maintenance services, which saw business volumes rise by 70.7% or S$35.71 million, for FY2024. Over the years, the Group has solidified its reputation as a leading provider of in-situ asset integrity solutions for floating assets, as well as onshore, offshore, and marine support services. Key offerings include:

- **Offshore in-situ Asset Integrity Solutions:** a comprehensive "One-stop" service covering life extension, class recovery, shutdown support, voyage carryover works, startup installation assistance, warranty repairs, upgrades and modifications, major repairs, and periodic maintenance.
- **Onshore Support Services:** such as project management for new builds and conversions, miscellaneous steel fabrication, carryover works, topside completion and commissioning support, and vessel inspections.

Additionally, the Group's deck equipment business saw a 38.6% revenue increase of S$0.93 million, from S$2.41 million in FY2023 to S$3.34 million in FY2024. The Group is actively pursuing new project tenders in key marine and offshore hubs regionally.

CP Segment Performance: Revenue from our CP division decreased by 7.4% or S$1.64 million, from S$22.08 million in FY2023 to S$20.44 million in FY2024. This decline was primarily due to the consolidation of S$1.52 million distribution business into the CP segment up to FY2023 and also include the disposal of the loss-making bottled drinking water business.

COST OF SALES

During the financial year ended on 31 December 2024, the Group experienced a 34.8% increase in the cost of sales from the operations to S$73.15 million. The increase in rate of sales was 41.3% and thereby enabling the gross profit to exhibit a substantial increase of S$13.82 million to S$38.73 million in FY2024.

The improvement in momentum was substantially attributable to the Group's asset-light strategy, exiting loss-making operations, effective cost management and operating efficiency. In particular, the asset-light strategy has contributed to a substantial reduction in depreciation expenses over the last 2 financial years.

GROSS PROFIT / GROSS PROFIT MARGIN

Corresponding to higher revenue and higher gross profit margin, the Group's gross profit jumped 55.5% to S$38.73 million in FY2024, as compared to a gross profit of S$24.91 million recognised in FY2023.

Operationally, the IE and CP divisions achieved strong gross profit growth, rising to S$29.65 million and S$2.90 million respectively in FY2024.

OTHER (LOSSES) / GAINS

In FY2024, the Group achieved Other Gains of S$8.27 million as compared to S$4.37 million during FY2023. The higher Other Gains was mainly contributed by:

(i) One-off gain of S$5.51 million from the second partial land sale of our Batam property;

(ii) Strengthening of USD/SGD resulting in foreign currency exchange gain of S$0.52 million in FY2024; and

(iii) Rental income of S$1.33 million from its investment properties at Batam, Indonesia.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses were higher for FY2024 at S$20.66 million as compared to S$16.49 million in FY2023, mainly due to higher salaries, bonuses, accruals for performance incentives and other personnel-related expenses in tandem with the improved performance, increased hirings and business expansion.

FINANCIAL & OPERATIONS REVIEW

FINANCE COST

Arising from deleveraging initiatives, the interest expense on bank borrowings decreased by 52.2% or S$1.03 million from S$1.98 million in FY2023 to S$0.95 million in FY2024.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For FY2024, the Group delivered a significant increase in net profit attributable to shareholders of S$11.54 million as compared to S$3.42 million for FY2023 due to stronger business performance by both IE and CP segments.

EBITDA

In line with stronger operating results, deleveraging initiatives and asset-light strategy, the Group generated positive EBITDA of S$29.25 million for FY2024 as compared to S$15.84 million for FY2023.

CASHFLOW STATEMENT

Supported by our growth trajectory in FY2024, there was a net cash inflow generated from operating activities of S$14.75 million in FY2024.

Net cash inflow generated from investing activities was S$6.03 million in FY2024 mainly due to the proceeds on the second partial land sale of our Batam property.

Net cash used in financing activities was S$8.27 million in FY2024. This was largely comprised of S$2.43 million net repayment of bank loans; S$0.33 million net repayment of partial Bonds; S$1.38 million on payment of lease liabilities; and S$3.96 million dividend paid to non-controlling interests.

As a result of the above, the Group registered a net increase in cash and cash equivalent of approximately S$12.51 million for FY2024.

ASSETS AND LIABILITIES

Non-current assets

The Group's non-current assets decreased by S$1.72 million to S$12.46 million as at 31 December 2024 due mainly to the following:

(i) depreciation expenses of S$2.90 million; and

(ii) additional capital expenditure for S$1.78 million on tools & equipment, computers, motor vehicles and right-of-use assets acquired under leasing arrangement.

Current assets

The Group's current assets increased by S$12.84 million to S$61.65 million as at 31 December 2024, which was mainly due to the following:

(i) increased in cash and cash equivalent of S$10.73 million as at 31 December 2024;

(ii) inventories decreased by S$0.92 million; and

(iii) trade receivables and contract assets increased by S$3.12 million and S$2.64 million respectively in tandem with the increase in business activities for the financial year ended 31 December 2024.

The trade receivables (net of credit loss allowances) for 151 to 365 days and more than 365 days decreased by S$0.67 million from S$1.34 million as at 31 December 2023 to S$0.67 million as at 31 December 2024. Notably, trade receivables below 90 days constituted to 91.1% of total trade debts as at 31 December 2024 (31 December 2023: 82.1%).

The Group carries out credit risk assessment on its trade receivables on a quarterly basis. As and when trade receivables are deemed uncollectable, the Company will provide the necessary credit loss allowance. The Group has credit loss allowances amounting to S$0.26 million as of 31 December 2024 (31 December 2023: S$0.63 million). The credit loss allowances were primarily attributable to the deteriorating financial performance of our trade debtors.

Current liabilities

The Group's current liabilities decreased to S$40.21 million as at 31 December 2024, as compared to S$47.49 million as at 31 December 2023. This was mainly due to reduction in borrowings by S$8.84 million, which stood at S$3.76 million as at 31 December 2024 (S$12.60 million as at 31 December 2023). Similarly, trade and other payables decreased by S$0.81 million for the financial year ended 2024.

Net current assets

As of 31 December 2024, the Group reported net current assets of S$21.45 million, a significant increase from net current assets of S$1.33 million recorded on 31 December 2023.

As indicators of improved financial health, Free Cash Flow (FCF)(1), Current Ratio(2) and Quick Ratio(3) are positive/unity at S$12.26 million (31 December 2023: S$3.38 million), 1.53 (31 December 2023: 1.03) and 1.51 (31 December 2023: 0.99) respectively.

Non-current liabilities

The Group's non-current liabilities increased from S$3.66 million as at 31 December 2023 to S$5.44 million as at 31 December 2024 mainly due to successful refinancing of a 3-year 2027 Bond that will matured on 5 November 2027.

Total equity

The Group's total equity increased significantly to S$28.47 million, with total assets of S$74.11 million and total liabilities of S$45.64 million as at 31 December 2024.

Note

(1) Free Cash Flow (FCF) = Net cash generated from operating activities after CAPEX and lease payments

(2) Current Ratio = Current assets to Current liabilities

(3) Quick Ratio = Current assets after Inventory to Current liabilities

BOARD OF DIRECTORS

MR. CHUA BENG YONG
Executive Chairman

Mr. Chua Beng Yong is our Executive Chairman since 3 January 2022 and one of our founders. He was first appointed Director on 10 May 2021 and was last re-elected on 26 April 2024. As Executive Chairman, he is primarily in charge of the overall management, including developing and steering corporate plans, business directions and strategies for the Group. Mr. Chua has more than 30 years of experience in the marine, offshore, oil and gas industries.

MR. CHUA MENG HUA
Executive Director

Mr. Chua Meng Hua is our Executive Director and one of our founders. He was first appointed Director on 8 January 1994 and last re-elected on 27 April 2023. He oversees the overall administrative, safety and operational systems, including developing and steering plans, and directions for the Group. He has more than 30 years of experience in the marine industry.

MR. LOW WEE SIONG
- **Lead Independent Director**
- **Chairman, Audit Committee**
- **Member, Remuneration Committee**
- **Member, Nominating Committee**

Mr. Low Wee Siong was first appointed as our Group's Independent Director on 19 May 2017 and last re-elected on 27 April 2022. Mr. Low is currently an independent director of Propnex Limited.

He has two decades of experience in law, investment banking and audit. As a legal practitioner, his principal areas of practice spanned capital markets, mergers and acquisitions and private capital. Mr Low has been regularly recognised as a recommended lawyer in The Legal 500: Asia Pacific - The Client's Guide to the Asia Pacific Legal Profession for Capital Markets and Banking and Finance.

He is also a chartered accountant. He has acted as financial adviser for initial public offerings, rights issues, privatisations, adjustments to convertible securities and debt restructurings during his tenure in investment banking and practised as an auditor.

He holds a Master of Laws from King's College London, a Bachelor of Laws from National University of Singapore and a Bachelor of Accountancy from Nanyang Technological University. He is an advocate and solicitor of the Supreme Court of Singapore, a solicitor on the Roll of Solicitors of England and Wales and a Chartered Accountant of Singapore. He is also accredited as a Senior Accredited Director by the Singapore Institute of Directors.

BOARD OF DIRECTORS

MR. LUM KIN WAH

- **Independent Director**
- **Chairman, Remuneration Committee**
- **Member, Audit Committee**
- **Member, Nominating Committee**

Mr. Lum Kin Wah was first appointed as our Independent Director on 9 May 2019 and was last re-elected on 26 April 2024.

He has more than 40 years of experience in the maritime industry in various roles ranging from an apprentice to general manager and director in companies including Keppel Shipyard subsidiaries, PT Pan-United Shipyard Indonesia and PT Batamec Shipyard (subsidiary of OTTO Marine Limited). He was also the managing director of Nexus Engineering Pte Ltd (subsidiary of Labroy Marine Limited).

Mr. Lum holds a Bachelor of Science (First Class Honours) degree from University of Strathclyde Glasgow, Scotland. He is a Chartered Engineer registered in the UK and a member of the Society of Naval Architects and Marine Engineers in Singapore

MR. YEE CHIA HSING

- **Independent Director**
- **Chairman, Nominating Committee**
- **Member, Audit Committee**
- **Member, Remuneration Committee**

Mr Yee Chia Hsing was first appointed as our Independent Director on 10 July 2023 and last re-elected on 26 April 2024. Mr Yee, a First Class Honours graduate in Accountancy from Nanyang Technological University Singapore, has significant experience in corporate finance, capital markets and management.

Mr Yee has more than 20 years of experience in the banking and finance industry. After his banking career, he went on to head a health supplements division of a SGX listed company, before taking on the Executive Director/ CEO role in another SGX listed company with hospitality assets.

Mr Yee is a Member of the Audit Committee of Ren Ci Hospital (non-director role). He also sits on the boards of Union Gas Holdings Ltd, Yangzijiang Shipbuilding (Holdings) Ltd, Zhongmin Baihui Retail Group Ltd & Hiap Tong Corporation Ltd as Independent Director. Mr Yee also served as a Member of Parliament of Chua Chu Kang GRC ("Nanyang division") from 2015 to 2020.

KEY EXECUTIVES

MR. YONG JIUNN RUN

Chief Executive Officer

Mr. Yong Jiunn Run was appointed on 2 June 2021 as our Chief Executive Officer. His responsibilities include making major corporate decisions, developing and steering corporate plans, implement business directions and strategies for the Group.

He was CEO of CIMB Group Commercial Banking, Senior MD of CIMB Commercial Banking Singapore and director of CIMB Cambodia PLC. Prior to CIMB, he was formerly the Business Head for Global Enterprise Banking at OCBC. He has more than 30 years of experience in corporate and commercial banking having started his career in BNP Paribas.

MR. CHUA BENG HOCK

Chief Operating Officer

Mr. Chua Beng Hock is our Chief Operating Officer and one of the founders. He is assisting the Group's Chief Executive Officer to formulate the group's strategic initiatives and enhance operational efficiency within our business units, thereby creating more growth momentum, overseeing the group's business divisions including developing and steering plans, directions in the marketing, business development and operations aspects.

MR. LEE WEI LIANG

Chief Financial Officer

Mr. Lee Wei Liang is our Chief Financial Officer and has overall responsibility on all financial related matters of the Group. He joined the Group as Finance Manager in 2000 and was promoted as Chief Financial Officer in 2012. Prior to joining the Group, his services were rendered to Bob Low and Company as an Audit Assistant to Audit Senior from 1998 to 2000. He obtained a Bachelor of Accountancy from Queensland University of Technology in 1999.

MR. SURI TIO

General Manager and Country Head, Indonesia

Mr. Suri Tio is our Country Head of Indonesia, overseeing all operational aspects of the Group in the region. Since joining the group as an accountant in 2001, he has progressed through key leadership roles, assuming his current position in 2024. Well-versed in the local market and highly respected, he contributed significantly to the Batam Shipyard & Offshore Association (BSOA), serving as Secretary (2014–2016) and Vice Chairman (2016–2021). He holds an Accounting Degree from University International Batam (2005) and a Master's in Business Law from Universitas Batam (2016).

CORPORATE STRUCTURE

INFRASTRUCTURE ENGINEERING

- Shipbuilding / Conversion
- Offshore Construction
- Turnkey Projects
- Sandwich Plate System (SPS) License
- Offshore Asset Integrity Management
- Project Management Services
- Supply of Deck Equipment
- Rental of Industrial Equipment & Machinery

100% PT. Nexus Engineering Indonesia
100% PT Master Indonesia
51% Asian Sealand Offshore and Marine Pte Ltd
- **51%** ASIC Engineering Sdn Bhd
- **51%** PBT Engineering Resources Pte Ltd

51% MTM Engineering Pte Ltd
51% International Offshore Equipments Pte Ltd
- **51%** International Offshore Equipment Canada Inc.

51% Venture Automation & Electrical Engineering Pte Ltd

CORROSION PREVENTION

- Abrasive & Non-Abrasive Blasting
- Paint Application
- Rental of Machineries and Equipment
- Shop Blasting & Painting
- Thermal Spray Coating
- Personal Protective Equipment
- Blasting Equipment & Accessories
- Welding Equipment & Accessories
- Painting Equipment & Accessories
- Other General Hardware Products

100% Beng Kuang Marine (B&Chew) Pte Ltd
100% Beng Kuang Marine (B&M) Pte Ltd
100% B & K Marine Pte Ltd
100% OneHub Tank Coating Pte Ltd
100% PT. Nexelite CP Indonesia
100% Nexus Sealand Trading Pte Ltd
100% Nexus Hydrotech Pte Ltd
51% Pangco Pte Ltd
- **51%** PT. Berger Batam

OTHERS

- Freighting services

100% Quill Marine Pte Ltd
100% Drako Shipping Pte Ltd
100% PT. Marina Shipping
98% Water and Environmental Technologies (WET) Pte Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chua Beng Yong
Executive Chairman

Mr. Chua Meng Hua
Executive Director

Mr. Low Wee Siong
Lead Independent Director

Mr. Lum Kin Wah
Independent Director

Mr. Yee Chia Hsing
Independent Director

AUDIT COMMITTEE

Mr. Low Wee Siong
Chairman

Mr. Lum Kin Wah

Mr. Yee Chia Hsing

REMUNERATION COMMITTEE

Mr. Lum Kin Wah
Chairman

Mr. Low Wee Siong

Mr. Yee Chia Hsing

NOMINATING COMMITTEE

Mr. Yee Chia Hsing
Chairman

Mr. Low Wee Siong

Mr. Lum Kin Wah

REGISTERED OFFICE

2 Venture Drive #14-15
Vision Exchange Singapore 608526
Tel: (65) 6266 0010
Fax: (65) 6264 0010
Email: bkm@bkmgroup.com.sg
Website: www.bkmgroup.com.sg

COMPANY SECRETARY

Ms. Shirley Tan Sey Liy
(MSc Mgmt (Hons) (UCD), FCS, FCG)

AUDITOR

CLA Global TS Public Accounting Corporation
80 Robinson Road #25-00,
Singapore 068898
Engagement Partner: Mr Loh Ji Kin
(Appointed since financial year ended 31 December 2023)

BANKERS

United Overseas Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
HL Bank Singapore
Validus Capital Pte. Ltd.
Hubble Pte Ltd

REGISTRAR AND THE SHARE TRANSFER OFFICE

B.A.C.S Private Limited
77 Robinson Road, #06-03 Robinson 77,
Singapore 068896
Tel: (65) 6593 4848
Email: main@zicoholdings.com

INVESTOR RELATIONS

8PR Asia Pte Ltd
Mr. Alex Tan
Email: alex.tan@8prasia.com

FINANCIAL CONTENTS

REPORT OF CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of Beng Kuang Marine Limited (the "**Company**") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries ("**the Group**") to safeguard the interest of the Company's shareholders and to enhance corporate value and accountability. This Report of Corporate Governance describes the Company's corporate governance practices and activities with specific reference to the Code of Corporate Governance 2018 (the "**Code**").

The Board is pleased to report that for FY2024, the Company has adhered to the principles of the Code, and the provisions of the Code except where otherwise explained. In areas where the Company's practices vary from any provisions of the Code, the Company has stated herein the provision of the Code from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code. The Company will continue to assess its needs and implement appropriate measures accordingly.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1

Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board is entrusted with the responsibility of the overall management of the business and corporate affairs of the Group. Every Director is expected, in the course of carrying out his duties, to act in good faith and to consider at all times the interests of the Company.

The principal functions of the Board are to: -

(a) approve the Group's key business strategies and financial objectives, including the review of annual budgets, major investments / divestments, and funding proposals;

(b) oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

(c) review and monitor the Management performance;

(d) set the Company's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and

(e) approval of interested person transactions.

The Company has in place a code of conduct and ethics for the Board and employees of the Group to ensure that they conduct themselves with high standards of integrity that are in compliance with laws and regulations of the jurisdictions in which it operates.

Any Director facing an actual, potential or perceived conflict of interest in relation to any matter will declare such interest and will recuse himself from participating in discussions and abstain from making any decisions or voting on resolutions regarding the matter.

REPORT OF CORPORATE GOVERNANCE

Provision 1.2

Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. The induction, training and development provided to new and existing directors are disclosed in the Company's annual report.

To gain a better understanding of the Group's business, the Directors are welcomed and encouraged to request further explanations, briefings or informal discussions on any aspects of the Company's operations or business issues from the Management. The Chairman and Executive Director will make the necessary arrangements for the briefings, informal discussions or explanations required by the Director.

Any new Director who has no prior experience as a director of an issuer listed on Singapore Exchange Securities Trading Limited ("**SGX-ST**"), shall undergo mandatory training in the roles and responsibilities of a director as prescribed by SGX-ST. In addition, newly appointed Directors will undergo an orientation program and will be provided with materials to help them familiarise themselves with the business, organization structure and governance practices of the Group. Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations.

Where necessary, the Directors will be updated on the latest governance and listing policies that are relevant to the Group to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. All Directors are also updated regularly concerning any changes in Company policies.

The Directors are also encouraged to keep themselves updated on changes to the financial, legal and regulatory requirements or framework and the business environment through reading relevant literature, and may attend appropriate courses, conferences and seminars. During FY2024, the Directors attended the Audit of Internal Control under SOX and PCAOB requirements and Accounting Application for Business Combination conducted by Institute of Singapore Chartered Accounts (ISCA) as well as Preparing climate related disclosures conducted by RSM.

All Directors have attended and completed the training as prescribed by the SGX-ST pursuant to Practice Note 2.3 of the Mainboard Rules. In addition, all Directors have completed the required training on sustainability as prescribed by the SGX-ST.

Provision 1.3

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the Company's annual report.

Matters that specifically require the Board's decision or approval are those involving, but not limited to: -

- Corporate strategy and business plans;
- Material investment and divestment proposals;
- Funding decisions of the Group;
- Nominations of Directors and appointment of key personnel;
- Announcement of financial results, the annual report and accounts;
- Material acquisitions and disposal of assets and material expenditures; and
- All matters of strategic importance.

REPORT OF CORPORATE GOVERNANCE

Provision 1.4

Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the Company's annual report.

Board Committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), have been established to assist the Board in the discharge of specific responsibilities. These committees are chaired by Independent Directors and operate within clearly defined terms of reference and functional procedures. The composition, principal functions and roles of the AC, NC and RC are disclosed under various provisions of this Annual Report.

While these Board Committees are delegated with certain responsibilities, the ultimate responsibility for the final decision lies with the entire Board.

Provision 1.5

Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the Company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each Company.

The Board conducts regular scheduled meetings on a quarterly basis and where the circumstances require, ad hoc meetings are arranged. Attendance of the Directors via telephone conference is allowed under the Company's Constitution. The Board may also make decisions by way of circulating resolutions in writing. The number of Board and Board committees' meetings held and attended by each Director during FY2024 are as follows: -

	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chua Beng Yong	4	4	–	–	–	–	–	–
Chua Meng Hua	4	4	–	–	–	–	–	–
Low Wee Siong	4	4	4	4	1	1	1	1
Lum Kin Wah	4	4	4	4	1	1	1	1
Yee Chia Hsing	4	4	4	4	1	1	1	1

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The NC has also taken into consideration the other principal commitments of the Directors in deciding if the Directors are able to and have adequately carried out their duties. As such, the Board does not propose to set a limit on the number of listed company board representations which Directors may hold until such need arises.

REPORT OF CORPORATE GOVERNANCE

Provision 1.6

Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Company makes available to all Directors information about the Group, the Group's management accounts, as well as the relevant background or explanatory information relating to matters that are to be discussed at the Board and Board Committee meetings. Detailed board papers are sent out to the Directors before the scheduled meetings so that the Directors may be informed of the issues before hand and have sufficient time to formulate questions that they may have.

In respect of budgets, any material variance between the forecasts and actual results is reviewed by the Board and disclosed and explained by Management, where required by the Board. The Directors are entitled to request from the management and should be provided with such additional information as needed to make informed decisions and the management shall provide the same in a timely manner.

Provision 1.7

Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

The Directors have also been provided with the contact details of the Company's Senior Management and Company Secretary to facilitate separate and independent access.

The Company Secretary and/or his/her representatives attend Board meetings and together with the Senior Management, assist the Board in ensuring that the Company complies with the relevant requirements of the Companies Act 1967, and the provisions in the Listing Manual of the SGX-ST. The appointment and removal of the Company Secretary is a matter for the Board as a whole to decide.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill his duties and responsibilities as a Director.

REPORT OF CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1

An "independent director" is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

Provision 2.2

Independent directors make up a majority of the Board where the Chairman is not independent.

(i) As at the date of this Annual Report, the Board comprises five members, being three Independent Directors and two Executive Directors as follows: -.

Executive Directors

Chua Beng Yong	(Executive Chairman)
Chua Meng Hua	(Executive Director)

Independent Directors

Low Wee Siong	(Lead Independent Director)
Lum Kin Wah	(Independent Director)
Yee Chia Hsing	(Independent Director)

As the Independent Directors make up majority of the Board, there is a strong independent element on the Board, thereby allowing it to exercise objective judgment on all matters independently from the Management.

(ii) The independence of each Director is reviewed annually and as and when circumstances require, by the NC, based on the provisions set forth in the Code and the Mainboard Rules to ensure that the Board consists of persons who, together, will provide core competencies and independent business judgments and perspectives necessary to meet the Company's objectives. The NC is of the view that the Independent Directors, namely Mr. Low Wee Siong, Mr. Lum Kin Wah and Mr. Yee Chia Hsing are independent in character and judgment, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgment. None of the Independent Directors has served the Company for more than nine (9) years from his date of first appointment to the Board.

Provision 2.3

Non-executive directors make up a majority of the Board.

The Company endeavours to maintain a strong and independent element on the Board.

REPORT OF CORPORATE GOVERNANCE

The Board, through the NC, has examined its size and composition and is of the view that the present composition of the Board demonstrates independence and is appropriate for effective decision making. To address the issue of independence, the Board has put in place a Lead Independent Director, Mr. Low Wee Siong, who is available to shareholders where they have concerns. The Board is of the view that the Independent Directors demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual and independent viewpoints, debated issues, and objectively scrutinized and challenged the Management. All major decisions made at the Board are unanimous and the Independent Directors have not been out-voted.

As at the date of this Annual Report, the Board had three Non-Executive Independent directors representing majority of the Board.

Provision 2.4

The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the Company's annual report.

The NC is satisfied that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. It is also of the view that the current Board size of five Directors is appropriate for effective decision making, taking into account the scope and nature of the Company's business. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making processes.

Following the introduction of Rule 710A of the Mainboard Rule effective from 1 January 2022, the Board has approved and adopted the board diversity policy of the Company on 10 April 2023 (the "**Board Diversity Policy**") to achieve balance, diverse and equitable environment to maximise its effectiveness. Under the Board Diversity Policy, the Board diversity will be considered from several perspectives, including but not limited to balance of skills, knowledge, professional experience, educational background, gender, age, nationalities, cultural background, independence, length of service and other aspects of diversity that support the Company in carrying out its strategic and business objectives, and its sustainable development. In reviewing the Board composition, the NC will have regard to, amongst others, the diversity of skills, experience, gender and knowledge of the Directors, the core competencies of the Directors as a group, the scope and nature of the operations and requirements of the Company's business.

The Company has set measurable objective or targets, which are broadly categorised into "Gender", "Skills & Experience", and "Age & Tenure". Its plans and tentative timelines for achieving the targets and progress towards achieving the targets by 31 December 2032.

In relation to Gender diversity, while the Company is of the view that its current composition of the Board facilitates effective decision-making, the Board welcomes the selection of female candidates for director appointments and endeavour to have female representation on the Board in future changes in the Board composition by searching for and interviewing female candidates when the Company is next in need of a director. The Company opines that having gender diversity allows for different approaches, respect and tolerance and perspectives to be considered by the Board in its deliberations and is in the process working towards this target.

For Skills & Experience, the current Board has met this target for the financial year ended 31 December 2024 which consists of Directors who, as a group, comprise seasoned professionals with qualifications and extensive experience in the marine and offshore engineering industry, top management personnel of listed companies, corporate finance and law. The skills and experience of the current Board provide effective guidance and oversight of Management and the Group's operating businesses and diverse portfolio of investments. The profiles of each of the Directors is disclosed in the "Board of Directors" section of this Annual Report.

REPORT OF CORPORATE GOVERNANCE

For Age & Tenure, the current Board has met this target for the financial year ended 31 December 2024. Two of the five members of the current Board is below 60 years of age, and at least one independent member of the current Board is represented in each of the two tenure ranges identified in the Board diversity policy. As such, the Board renewal process is phased to ensure that the Company has a group of independent Directors whose ages and tenures span across different categories. This age diversity would facilitate knowledge continuity about the Company and the Group.

The Board currently has 5 Directors of which 3 Directors, being the majority, are independent directors. The Company is cognisant of the need for board diversity to provide the appropriate mix balance and mix of skills, knowledge and experience to facilitate effective decision making and constructive debate, and has since 2017 refreshed the Board with new independent directors with an eye on and to increase board diversity, taking into account constantly evolving business and industry conditions.

Further, the current independent directors have varied qualifications and expertise in the areas of finance, accounting, law, business management and industry knowledge.

In light of the diversified background, experience and professional qualifications of the independent directors and taking into consideration the nature and scale of the Group's business as well as the constantly evolving nature of business and industry conditions, the Board and nominating committee are of the view that the current Board composition is sufficiently diverse to facilitate effective decision making and constructive debate and avoid groupthink and the Company's practices are consistent with the intent of Principle 2.

Provision 2.5

Non-executive directors and/or independent directors, led by the independent chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

All Non-Executive Directors, led by the Lead Independent Director, meet regularly with the Executive Directors and management to develop strategies for the Group, review the performance of management, assess remuneration and discuss corporate governance matters based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy and review the performance of the management in achieving agreed targets and objectives.

Where warranted, the Independent Non-Executive Directors meet for discussions on the Group's affairs before the Board meetings in the absence of management. The Lead Independent Director provides feedback to the Chairman and the CEO after such discussions or meetings as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

The Company keeps the posts of Chairman and CEO separate. There is a clear division of responsibilities between the Chairman and the CEO, which will ensure a balance of power and authority. Keeping the two posts separate will also ensure increased accountability and greater capacity of the Board for decision-making.

Mr. Chua Beng Yong, Executive Chairman of the Company and Mr. Yong Jiunn Run, CEO of the Company are not related to each other.

REPORT OF CORPORATE GOVERNANCE

Provision 3.2

The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

The CEO, Mr. Yong Jiunn Run, with the team of key executive officers, is responsible for the day to day management of the Group's operations.

The Executive Chairman, Mr. Chua Beng Yong is primarily responsible for the effective workings of the Board. He works together with the CEO in scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations. The Chairman and the CEO (with the assistance of the Company Secretary) also prepare the meeting agenda in consultation with the Directors.

The Chairman and the CEO also exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board and assist in ensuring the Group's compliance with the Code.

Provision 3.3

The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

To promote a high standard of corporate governance, Mr. Low Wee Siong is the Lead Independent Director of the Company, who is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman and CEO or the Chief Financial Officer has failed to resolve or is inappropriate, and to act as a counter-balance in the decision-making process and contribute a balanced viewpoint to the Board.

Where necessary, the independent directors may meet without the presence of the other executive directors and the lead independent director shall provide feedback to the Chairman after such meetings.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any).

REPORT OF CORPORATE GOVERNANCE

The NC has been established with written terms of reference and as at the date of this Annual Report comprises three Independent Directors.

The main terms of reference of the NC are as follows: -

- To review nominations for the appointment and re-appointment to the Board and the various Board committees;

- To decide on the evaluation criteria of the Board, propose an objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;

- To decide whether a Director is able to and has been adequately carrying out his duties as Director of the Company (in a case where the Director has multiple board representations);

- To ensure that Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years; and

- To determine, on an annual basis, whether a Director is independent.

Key information regarding the Directors is set out under "Board of Directors" section of this Annual Report.

Provision 4.2

The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

As at the date of this Annual Report, the members of NC are: -

Yee Chia Hsing	(Chairman, Independent Director)
Low Wee Siong	(Member, Lead Independent Director)
Lum Kin Wah	(Member, Independent Director)

The NC comprises entirely independent directors and the Company's Lead Independent Non-Executive Director is a member of the NC. The Chairman of the NC is independent and not associated with any substantial shareholder of the Company. The NC holds at least one meeting in each financial year. Ad hoc meetings are held as and when necessary.

Provision 4.3

The Company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the Company's annual report.

The NC is responsible for the re-nomination of the Directors. Regulation 115 of the Company's Constitution requires one-third of the Directors to retire from office at least once in every three years at the Company's AGM. Retiring Directors are eligible to offer themselves for re-election pursuant to Regulation 117.

REPORT OF CORPORATE GOVERNANCE

The NC assesses and recommends to the Board whether retiring directors are suitable for re-election. The NC, in considering the re-appointment of a director, evaluates such director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board Committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his own re-election. The NC has recommended to the Board that Mr. Chua Meng Hua and Mr. Low Wee Siong be nominated for re-election at the forthcoming AGM pursuant to Regulation 115 of the Company's Constitution. In making the recommendations, the NC had considered the Directors' overall contributions and performance.

Mr. Chua Meng Hua will, if re-elected as Director of the Company, continue to serve as the Executive Director of the Company. Mr. Low Wee Siong will, upon re-election as a Director, remain as Lead Independent Director of the Company and the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee of the Company. He is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to the "Information on Directors seeking Re-election" section of this Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Pursuant to Regulation 125 of the Company's Constitution, any new Director so appointed by the Directors shall hold office until the next annual general meeting of the Company and shall be eligible for re-election.

The NC will determine the criteria for the appointment of new Directors. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills and knowledge, the NC, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. Candidates may be suggested by directors or management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision-making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Provision 4.4

The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the Company discloses the relationships and its reasons in its annual report.

The NC meets at least once a year. The NC is responsible for determining annually the independence of each independent director, taking into consideration the circumstances set forth in the Mainboard Rules and the Code. The relevant factors are set out under Principle 2 of the Code above.

The independent directors have confirmed that they do not have any relationship with the Company or its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgement with a view to the best interests of the Company.

REPORT OF CORPORATE GOVERNANCE

Provision 4.5

The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the Company. The Company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

Newly appointed directors are given briefings by the management on the business activities and strategic direction of the Group. There are also induction or orientation programmes to familiarise them with the Group's operations and the roles and responsibilities of a director of a listed company in Singapore. They are also provided with a formal letter setting out their duties and obligations. Where appropriate and for first-time directors with no prior experience as a director of a listed company in Singapore, the Company will arrange for them to attend training courses organised by the Singapore Institute of Directors or other professional training institutions as appropriate so as to equip them to discharge their duties effectively. In addition, the responsibilities of a Director are clearly delineated in their appointment letter or service agreement (as the case may be).

All Directors declare their board memberships and principal commitments as and when practicable. The details of the listed company directorships and principal commitments of the Board members are set out in pages 8 to 9 of this Annual Report.

The NC has assessed and is of the view that the multiple board representations held presently by some directors do not impede their respective performance in carrying out their duties towards the Company. The NC has also taken into consideration the other principal commitments of the directors in deciding if the directors are able to and have adequately carried out their duties. As such, the Board does not propose to set the maximum number of listed company board representations which directors may hold until such need arises.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1

The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

Based on the recommendation of the NC, the Board has established processes and objective performance criteria for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director. The objective performance criteria address how the Board has enhanced long-term shareholders' value and include a comparison with the industry peers. The performance evaluation also includes consideration of return on equity, the Company's share price vis-à-vis the Singapore Straits Times Index. The selected performance criteria will not be changed from year to year unless they are deemed necessary and the Board is able to justify the changes.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

REPORT OF CORPORATE GOVERNANCE

Provision 5.2

The Company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its directors.

The NC performs an annual assessment to determine how the Board and Board Committees are performing. The Board's performance evaluation and individual directors' self-assessment is to assess the effectiveness of the Board as a whole and its Board Committees and the contribution by the Chairman and each individual Director to the effectiveness of the Board on an annual basis. Assessment checklists include evaluation factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders are disseminated to the Directors for completion and the assessment results are discussed at the NC meeting.

The Chairman of the Company will, in consultation with the NC, act on the results of the performance evaluations and where appropriate, propose new members be appointed to the Board or seek the resignation of directors. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

The NC, having reviewed the overall performance of the Board as a whole, its Board Committees as well as the performance of each individual director, is satisfied with their performance for the period under review. No external facilitator was engaged by the Company for assessing the effectiveness of the Board in FY2024. Where relevant and when the need arises, the NC will consider such an engagement.

The Board and the NC have endeavoured to ensure that directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1

The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.

The RC was formed to recommend to the Board a framework of remuneration for the directors and key management personnel, and to determine specific remuneration packages for each executive director. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits-in-kind are covered by the RC.

The RC members are familiar with executive compensation matters as they are performing executive functions in the companies where they are employed and/or are holding directorships in other public listed companies. No individual director shall be directly involved in recommending and deciding their own remuneration.

REPORT OF CORPORATE GOVERNANCE

Provision 6.2

The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

As at the date of this Annual Report, the members of RC are:

Lum Kin Wah	(Chairman, Independent Director)
Low Wee Siong	(Member, Lead Independent Director)
Yee Chia Hsing	(Member, Independent Director)

In adherence to the Code, the RC comprises entirely independent directors to minimise conflicts of interest. The RC has written terms of reference that describe the responsibilities of its members. The RC holds at least one meeting in each financial year. Ad hoc meetings are held as and when necessary.

The principal functions of the RC are as follows:

(a) Recommend to the Board a framework of remuneration for the directors and key management personnel, and determine specific remuneration packages for each executive director as well as for key management personnel; and

(b) Review all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind to ensure that they are fair.

Provision 6.3

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

The RC reviews all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits-in-kind.

Each member of the RC shall abstain from voting on any resolutions in respect of his or her remuneration package.

The RC will continue to review the Company's obligations arising in the event of termination of any of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. Please refer to the disclosure in Provision 7.1 for remuneration aspects.

Provision 6.4

The Company discloses the engagement of any remuneration consultants and their independence in the Company's annual report.

No remuneration consultant was engaged by the Company during FY2024. The RC may consider utilising external expert advice and data, as and when necessary, to assist in the evaluation of its compensation recommendations. The RC would also ensure that any relationship between the appointed remuneration consultant and any of the directors or the Company will not affect the independence and objectivity of the remuneration consultant.

REPORT OF CORPORATE GOVERNANCE

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provision 7.1

A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

The remuneration packages for Executive Directors take into account the performance of the Group and the individual Director. The RC also ensures that the Executive Directors are adequately remunerated as compared to industry and comparable companies.

The Company has entered into separate service agreements with Mr. Chua Beng Yong and Mr. Chua Meng Hua for an initial period of three years commencing 10 May 2021 and 1 January 2004 respectively, which shall continue unless and until terminated by either party to the service agreements by notice given in accordance with such service agreement. There are no onerous removal clauses in the service agreements. Other than a fixed salary, Mr. Chua Beng Yong and Mr. Chua Meng Hua are also entitled to an additional variable performance related bonus that is designed to align their interests with those of the shareholders and link rewards to corporate and individual performance.

Provision 7.2

The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The independent directors are paid fixed directors' fees, with additional fees for serving as the Chairman or member of a Board Committee and attendance fees for Board and Board Committee meetings. These fees are determined by the Board appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each independent director. The directors' fees are subject to approval by shareholders at each AGM. The independent directors do not receive any other remuneration from the Company. The independent directors are not over-compensated to the extent that their independence may be compromised.

Provision 7.3

Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The Board ensures that the amount and mix of compensation are aligned with the interests of the shareholders and promote the long-term success of the Group. The review of the remuneration of the key management personnel takes into consideration the performance and contributions of the staff to the Group and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management with the required competency to run the Group successfully.

The RC is of the view that the remuneration is appropriate to attract, retain and motivate the Directors and key management personnel, given the low attrition rate of Directors and key management personnel.

REPORT OF CORPORATE GOVERNANCE

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

The Company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

The Board supports and is keenly aware of the need for transparency.

The performance criteria used to assess the variable component of the remuneration (short-term and long-term incentive) of CEO, Executive Director and key management personnel are determined by having regards to the performance of the Group, leadership, as well as industry benchmarks, which include the profitability of the Group, leadership, as well as the CEO's, Executive Director's and key management personnel's compliance in all audit matters. The CEO's, Executive Director's and key management personnel's short-term incentives (namely the performance-related variable component) are recommended by the RC and approved by the Board.

For FY2024, the CEO, Executive Director and key management personnel have met the relevant performance conditions.

The RC is of the view that the variable component of the remuneration packages of the Executive Director and key management personnel are moderate. In view of this, there is no necessity for the Company to institute contractual provisions to reclaim the incentives or any related payments from the parties involved should there be any misstatements of financial results, or of misconduct resulting in financial loss to the Group.

REPORT OF CORPORATE GOVERNANCE

A summary compensation table of the directors' remuneration for the financial year ended 31 December 2024 is set out below:

NAME OF DIRECTORS AND CEO	TOTAL REMUNERATION ($'000)	FEE (%)	SALARY# (%)	BONUS (%)	BENEFITS (%)	TOTAL (%)
Directors						
Chua Beng Yong	1,154	0.4%	23.0%	76.6%	–	100.0%
Chua Meng Hua	814	0.9%	29.5%	67.0%	2.6%	100.0%
Low Wee Siong	64	100.0%*	–	–	–	100.0%
Lum Kin Wah	50	100.0%*	–	–	–	100.0%
Yee Chia Hsing	50	100.0%*	–	–	–	100.0%
CEO						
Yong Jiunn Run	1,140	–	22.5%	77.5%	–	100.0%

* These fees are subject to approval of the shareholders at the forthcoming AGM.

\# Salary is inclusive of fixed allowance and CPF contributions.

A summary compensation table of the top five Executive Officers' remuneration for the financial year ended 31 December 2024 is set out below:

NAME OF TOP 5 EXECUTIVE OFFICERS	SALARY (%)	BONUS (%)	BENEFITS (%)	TOTAL (%)
$750,001 to $1,000,000				
Chua Beng Hock	29.7%	70.3%	–	100.0%
$250,001 to $500,000				
Lee Wei Liang	51.5%	45.9%	2.6%	100.0%
Wong Chiu Ling, Elaine	52.6%	45.5%	1.9%	100.0%
Suri Tio	51.5%	48.5%	–	100.0%
Below $250,000				
Chua Ding En	80.2%	19.8%	–	100.0%

The top five Executive Officers of the Group are Mr. Chua Beng Hock (the Group Chief Operating Officer), Mr. Lee Wei Liang (Chief Financial Officer), Ms. Wong Chiu Ling, Elaine (Financial Controller (Corporate Management)), Mr. Suri Tio (General Manager and Country Head, Indonesia) and Mr. Chua Ding En (Chief Executive Officer, Corrosion Prevention Division).

The aggregate total remuneration paid to or accrued to top five Executive Officers (who are not Directors or the CEO) for FY2024 amounted to S$1,822,937.

The gross remuneration disclosed is computed on gross salaries, allowances and other benefits accruing during the financial year. There are no termination, retirement or any post-employment benefits to directors and key executive officers.

The Board believes that it is for the benefit of the Company and the Group that the remuneration of key management personnel be kept confidential due to its sensitive nature and the potential negative impact (such as poaching) such disclosure will have on the Group given the highly competitive environment it is operating in.

REPORT OF CORPORATE GOVERNANCE

Provision 8.2

The Company discloses the names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

Mr. Chua Beng Yong, Executive Chairman of the Company, and Mr. Chua Meng Hua, Executive Director and Mr. Chua Beng Hock, the Group Chief Operating Officer are brothers. Mr. Chua Ding En, the Chief Executive Officer, Corrosion Prevention Division, is the son of Mr. Chua Beng Hock, the Group Chief Operating Officer. Mr. Yong Jiunn Run, the CEO of the Company is not related to any of the above stated Directors or Officers of the Company.

Save as disclosed above, there is no employee who is an immediate family member of any Director or CEO, whose remuneration for FY2024 exceeds S$100,000.

Provision 8.3

The Company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company. It also discloses details of employee share schemes.

The RC has reviewed and approved the remuneration packages of the executive directors and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the executive directors and key management personnel are adequately but not excessively remunerated.

The Company has adopted Performance Share Plan during the year and are eligible to:

(a) Group employees (including Executive Directors) who have attained the age of 21 years on or before the relevant Date of Grant of the PSP Award; and

(b) Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant Date of Grant of the PSP Award.

The Company has adopted Employee Share Option Scheme during the year and are eligible to:

(a) Group employees (including Executive Directors) who have attained the age of 21 years on or before the relevant Offer Date; and

(b) Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant Offer Date.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

There are no termination, retirement and post-employment benefits that may be granted to directors, CEO and key management personnel of the Group.

Please refer to the disclosure in Provision 8.1 for the remuneration details of Directors and Key Management Personnel of the Company.

REPORT OF CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

The Board is responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. It is also responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

The Board ensures that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. The Board keeps itself abreast and is kept informed by the management of legislative and regulatory requirements.

The Company manages risks under an overall strategy determined by the Board and supported by AC.

In addition, the executive directors and the management regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews significant control policies and procedures, and highlights the significant matters to the Board and the AC.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board committees and the Board, the Board, with concurrence of the AC, is of the view that, the internal audit function is adequately resourced and has appropriate standing within the Group to perform its duties effectively.

Enterprise Risk Management

An Enterprise Risk Management ("**ERM**") framework established and maintained by the Company sets out the Group's internal processes to enable significant strategic, financial, operational, compliance and information technology risks within the relevant Group companies to be identified, assessed, monitored, managed and evaluated. Management reviews the risk register on a regular basis with the objective of assigning clear accountability and ownership of risks at the operating level to manage risks, and any emerging or material risks will be highlighted to the Board in a timely manner. Strong emphasis is placed on creating risk awareness, promoting accountability and setting the appropriate tone at the top.

Reviews of the Group's risk exposure are conducted bi-annually by the AC, to be followed by an overall assessment at the end of each financial year.

The Internal Auditors, Wensen Consulting Asia (S) Pte Ltd ("**Wensen**") have assisted in setting up this structure and have presented their key findings of their review to the AC and the Board. Key operational (including information technology), business, and financial risks faced by the Group generally and in major contracts and transactions are continuously analysed and identified so that all key risks (including information technology risk) are addressed and internal controls are in place and reviewed periodically by Management, the AC and the Board.

REPORT OF CORPORATE GOVERNANCE

During FY2024, the Internal Auditors had conducted one (1) internal audit review to assess the effectiveness of key processes and controls within the Infrastructure Engineering division. The areas covered are (a) sales/ project tendering management and (b) project/ work execution management. There were not material internal control weaknesses identified and few recommendations were highlighted to the Management for further improvements.

The Board and AC noted that all internal controls contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process with a view to improve the Group's internal control systems.

Annual review of the Group's risk management and internal control systems

With the assistance of the AC, the Board has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over financial, operational, compliance and information technology risks. The assessment considered issues dealt with in reports reviewed by the AC and the Board during the financial year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2024.

The Board's annual assessment in particular considered:

(i) The changes since the last annual assessment in the nature and extent of key risks; and the Group's ability to respond to changes in its business and external environment;

(ii) The scope and quality of management's ongoing monitoring of risks and of the system of internal controls, and the work of the Internal Auditors and other providers of assurance; and

(iii) The incidence of significant internal control weaknesses that were identified during the financial year.

In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed the key risks which the Group is exposed to, as well as an understanding of the countermeasures and internal controls that are in place to manage those risks.

Provision 9.2

The Board requires and discloses in the Company's annual report that it has received assurance from:

(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board received assurance from the CEO and the CFO that:

(a) the financial records of the Company have been properly maintained and the financial statements for FY2024 give a true and fair view of the Company's operations and finances; and

(b) they have evaluated the effectiveness of the Company's internal controls and have discussed with the Company's external and internal auditors of their reporting points and note that the Company has put in place and will continue to maintain a reliable, comprehensive and sound system of risk management and internal control.

REPORT OF CORPORATE GOVERNANCE

The Board had also received assurance from the CEO and other key management personnel who are responsible for the Company's risk management and internal control systems that, the Company's risk management and internal control systems are adequate and effective.

Opinion on adequacy of Group's internal controls

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditors and External Auditors, and reviews performed by the management and the Board, the Board with the concurrence of the AC, is of the opinion that the risk management systems and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group, are adequate and effective.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1

The duties of the AC include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The AC has been established with written terms of reference and as at the date of this report comprises three Independent Directors. They are: -

Low Wee Siong	(Chairman, Lead Independent Director)
Lum Kin Wah	(Member, Independent Director)
Yee Chia Hsing	(Member, Independent Director)

REPORT OF CORPORATE GOVERNANCE

Mr. Low Wee Siong chairs this Committee. The AC met four times in the financial year under review. It performs the following functions: -

- Reviewing the audit plans and reports of the independent auditor and to consider the effectiveness of the actions taken by the Management on the auditor's recommendations;
- Reviewing the internal audit plans, the scope and results of internal audit procedures;
- Review Enterprise Risk Management structure, governance and processes;
- Reviewing the balance sheet of the Company, the consolidated financial statements of the Group for the financial year ended 31 December 2024 and other announcements to shareholders and the SGX-ST before submission to the Board of Directors (the "**Board**") for approval, as well as the independent auditor's report on the balance sheets of the Company and the Consolidated financial statements of the Group;
- Appraising and reporting to the Board on the audits undertaken by the independent auditor, the adequacy of disclosure of information, and the adequacy and effectiveness of the system of management internal audit function and internal controls;
- Reviewing the assistance and co-operation given by the Management to the independent auditor;
- Evaluating quality of work performed by independent auditor;
- Discussing problems and concerns, if any, arising from the interim and final audits;
- Considering and make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, their remuneration and terms of engagement;
- Reviewing the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- Reviewing interested person transactions, as defined in the Listing Manual of the SGX-ST.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation by the Management. It also has full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly.

The AC, having reviewed all non-audit services provided by the independent auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the independent auditors and it has accordingly recommended to the Board that Messrs CLA Global TS Public Accounting Corporation be nominated for reappointment as auditors of the Company at the forthcoming AGM of the Company.

The aggregate amount of fees paid or payable to the independent auditors of the Company, broken down into audit and non-audit services during FY2024 are as follows:

Audit fees	: S$180,000
Non-audit fees	: S$7,150

The Company is in compliance with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its independent auditors.

REPORT OF CORPORATE GOVERNANCE

Whistle Blowing Policy

The AC has put in place a whistle-blowing policy which sets out the procedures whereby the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters on misconduct or wrongdoing to Mr. Low Wee Siong, the AC Chairman. There are arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken, and to ensure that the identity of the whistleblower is kept confidential. The Company is committed to ensure the protection of the whistleblower against detrimental or unfair treatment. The AC is responsible for oversight and monitoring of whistleblowing.

Where the need arises, the AC will meet with the independent auditors, without the presence of the Management, to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge the functions properly. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

Provision 10.2

The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

As at the date of this Annual Report, the members of AC are:

Low Wee Siong	(Chairman, Lead Independent Director)
Lum Kin Wah	(Member, Independent Director)
Yee Chia Hsing	(Member, Independent Director)

All the AC members have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

None of the AC members were previous partners or directors of the Company's existing auditors.

Provision 10.4

The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

The Company outsourced its internal audit function to an external professional firm, Wensen, who reports directly to the AC and administratively to the Executive Directors. The objective of the internal audit function is to determine whether the Group's risk management, internal controls and governance processes, as designed by the Company, are adequate and functioning in the required manner. The internal auditors have identified the Group's main business processes and developed an audit plan that covers the main business process over a 3 years audit cycle.

REPORT OF CORPORATE GOVERNANCE

Wensen is headed by the Managing Director Mr. Edward Yap, who is a member of Malaysian Institute of Accountants (MIA), member of Institute of Singapore Chartered Accountants (ISCA), Fellow Member of the Association of Certified Chartered Accountants (FCCA) and Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The engagement team comprises of a Director who has more than 12 years of experience in risk management and risk-based internal auditing, a Lead Consultant and other supporting consultants who possesses relevant experience and qualification in the field of accounting and finance.

The AC will review the adequacy of the internal audit function annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

Provision 10.5

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

The AC meets from time to time with the Group's external and internal auditors, in each case without the presence of the management of the Company, at least once a year.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

The Company recognises and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Companies Act 1967 and the Company's Constitution. Information to all shareholders is disclosed to in a timely and transparent manner and in compliance with SGX disclosure requirements.

Shareholders are given ample opportunity to attend, participate and vote in accordance with the voting rules and procedures at the Company's general meetings.

Provision 11.2

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

The Company takes care to ensure separate resolutions on each substantially separate issue. The Company avoids "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. Detailed explanatory notes on each item of the agenda are provided to the Notice of AGM in this Annual Report.

REPORT OF CORPORATE GOVERNANCE

Provision 11.3

All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the Company's annual report.

The members of the AC, NC and RC will be present at these meetings to answer questions relating to matters that are overseen by these committees. The independent auditors will also be present to assist the Directors in addressing any queries posed by the shareholders.

Provision 11.4

The Company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

The Constitution of the Company allows for members to appoint up to two proxies to attend and vote in place of the member. In line with the Companies Act 1967, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two proxies to attend and vote on their behalf at general meetings, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

As the authentication of shareholder's identity information and other related integrity issues still remain a concern, the Company has decided that from the time being, it will not to implement voting in absentia methods until security, integrity and other pertinent issues are resolved.

Provision 11.5

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable and the minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting.

Provision 11.6

The Company has a dividend policy and communicates it to shareholders.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on, among others, the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors may deem appropriate.

The Company had on 19 February 2025, adopted the BKM Scrip Dividend Scheme.

The Board has recommended a first and final tax exempt one-tier dividend of S$0.006 per ordinary share (cash or scrip) for FY2024, subject to shareholders' final approval at the upcoming annual general meeting. Shareholders shall have the option to elect to receive dividends either in cash or in the form of shares in the Company under the BKM Scrip Dividend Scheme. The Company intends to rely on the new general mandate to issue and allot the scrip shares and accordingly, shall be seeking shareholders' approval for the same at the upcoming annual general meeting.

REPORT OF CORPORATE GOVERNANCE

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provision 12.1

The Company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of the SGX-ST, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group. Such information is disclosed in an accurate and comprehensive manner via the SGXNet. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

The Company has complied with the Listing Manual of the SGX-ST on the disclosure requirements of material information to shareholders. The Board is mindful of the obligation to provide shareholders of all major developments that affect the Group and strives to maintain a high standard of transparency.

The Company does not practice selective disclosure and price sensitive information is first publicly released before the Company meets with any group of investors or analysts. Information is communicated to shareholders on a timely basis through half-yearly financial results and annual reports that are prepared and issued to all shareholders within the mandatory period via SGXNet, press releases and the Company's website at which the shareholders can access information on the Group.

Provision 12.2

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

The Company conducts its investor relations on the following principles:

(a) information deemed to be price-sensitive is disseminated without delay via announcements on the SGXNet;

(b) endeavour to provide comprehensive information in financial results announcement to help shareholders and potential investors make informed decisions in respect of their investments in the Company;

(c) operate an open policy with regards to investors' enquiries, such as through encouraging the active participation of shareholders during AGMs or any other general meetings of the Company; and

(d) the Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to reports to regulators.

Apart from the SGXNet announcement and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.bkmgroup.com.sg.

REPORT OF CORPORATE GOVERNANCE

To enhance our outreach to the investing community, the Company has engaged an external public relations and investor relations company, 8PR Asia Pte Ltd, to facilitate communications with shareholders, media and the investing community on a regular basis, addressing their queries and feedback and to keep them updated on the Group's corporate developments and financial performance.

In addition, the contact details of the IR personnel handling the Company's communications are stated in the Company's press releases, hence shareholders can easily make direct contact if needed. Such contact details are also set out in the corporate information page of the annual report. 8PR Asia Pte Ltd has procedures in place for responding to investors' queries as soon as applicable. Shareholders may also direct their queries to william@bkmgroup.com.sg.

Provision 12.3

The Company's investor relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

Shareholders are given the opportunity to pose questions to the Directors or the Management at the AGM and all extraordinary general meetings. Shareholders are informed of shareholders' meetings through notices published in the newspapers, annual reports and circulars sent to all shareholders. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provision 13.1

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly are able to impact the Group's business and operations.

Provision 13.2

The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

Please refer to the disclosure in sustainability report, which will be announced on or before 30 April 2025 in relation to the management of stakeholder relationships during FY2024.

REPORT OF CORPORATE GOVERNANCE

Provision 13.3

The Company maintains a current corporate website to communicate and engage with stakeholders.

The Company updates its corporate website at www.bkmgroup.com.sg regularly with information released on the SGXNET and business developments of the Group.

DEALINGS IN SECURITIES

The Company has adopted policies in line with the Rule 1207(19) set out in the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company and its officers are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's financial statements for half year and full financial year and ending on the date of announcement of the relevant results.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested person which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted on a quarterly basis to the AC for their review to ensure that such transactions are carried out at arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Company has not entered into interested person transactions with aggregate value of more than S$100,000 during FY2024 pursuant to Rule 907 of the Listing Manual of the SGX-ST.

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Directors' Statement and Financial Statements and herein, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the Executive Directors or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

REPORT OF CORPORATE GOVERNANCE

TABLE A – INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information of the Directors, who are retiring and being eligible, offered themselves for re-election at the upcoming AGM, are as follows: -

Name of Retiring Director	Chua Meng Hua	Low Wee Siong
Date of appointment	8 January 1994	19 May 2017
Date of last election	27 April 2023	27 April 2022
Age	71	47
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has accepted the NC's recommendation for re-election, who has reviewed and considered Mr. Chua Meng Hua's performance as Executive Director of the Company.	The Board of Directors of the Company has accepted the NC's recommendation for re-election, who has reviewed and considered Mr. Low Wee Siong's performance as Lead Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. As set out in Mr Chua Meng Hua's profile write up in the "Board of Director" section of this Annual Report.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	• Lead Independent Director • Chairman of Audit Committee • Member of Nominating Committee and Remuneration Committee
Professional qualifications	Nil	• Master of Laws • Bachelor of Laws • Bachelor of Accountancy • Advocate and Solicitor of the Supreme Court of Singapore • Solicitor on the Roll of Solicitors of England and Wales. • Chartered Accountant of Singapore.
Working experience and occupation(s) during past 10 years	As set out in Mr. Chua Meng Hua's profile write-up in the "Board of Director" section of this Annual Report.	As set out in Mr. Low Wee Siong's profile write-up in the "Board of Director" section of this Annual Report.
Shareholdings interest in the listed issuer and its subsidiaries	8,829,875 ordinary shares	No
Familial relationship with any director and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Chua Meng Hua is the brother of Mr. Chua Beng Yong, the Executive Chairman and Mr. Chua Beng Hock, the Chief Operating Officer	No
Conflict of interest (including any competing business)	No	No

REPORT OF CORPORATE GOVERNANCE

Name of Retiring Director	Chua Meng Hua	Low Wee Siong
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships	**Directorships** Past (for the last 5 years) • Asian Sealand Engineering Pte Ltd • Picco Enterprise Pte. Ltd. Present • B & K Marine Pte. Ltd. • Beng Kuang Marine (B&Chew) Pte. Ltd. • Beng Kuang Marine (B&M) Pte. Ltd. • Onehub Tank Coating Pte. Ltd. • Nexus Hydrotech Pte. Ltd. • MTM Engineering Pte. Ltd. • Asian Sealand Offshore and Marine Pte. Ltd. • PBT Engineering Resources Pte. Ltd. • International Offshore Equipments Pte. Ltd. • Nexus Sealand Trading Pte Ltd • Pangco Pte. Ltd. • Quill Marine Pte. Ltd. • Venture Automation Engineering Pte. Ltd. • Water and Environmental Technologies (WET) Pte. Ltd. • Drako Shipping Pte. Ltd. • PT Nexus Engineering Indonesia • PT Berger Batam **Other Principal Commitments** Past (for the last 5 years) • None Present • None	**Directorships** Past (for the last 5 years) • WongPartnership LLP (Partner) • CNPLaw LLP (Partner) • Wong Tan & Molly Lim LLC • Republic Healthcare Limited Present • PropNex Limited **Other Principal Commitments** Past (for the last 5 years) • None Present • None

REPORT OF CORPORATE GOVERNANCE

The general statutory disclosures of the Retiring Director are as follows:

Question		Chua Meng Hua	Low Wee Siong
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

REPORT OF CORPORATE GOVERNANCE

	Question	Chua Meng Hua	Low Wee Siong
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
(l)	Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
	If yes, please provide details of prior experience.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		
	Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2024 and the statement of financial position of the Company as at 31 December 2024.

In the opinion of the directors,

(i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 56 to 134 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2024 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Chua Beng Yong
Chua Meng Hua
Low Wee Siong
Lum Kin Wah
Yee Chia Hsing

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have and interest	
	At 31.12.2024	At 1.1.2024	At 31.12.2024	At 1.1.2024
The Company				
(No. of ordinary shares)				
Chua Beng Yong	8,729,875	8,729,875	–	–
Chua Meng Hua	8,829,875	8,829,875	–	–

The directors' interests in the ordinary shares of the Company as at 21 January 2025 were the same as those as at 31 December 2024.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

SHARE OPTIONS

Employee Share Option Scheme

The Employee Share Option Scheme (the "Scheme") for non-executive Directors and employees of the Group was approved by shareholders of the Company at an Extraordinary General Meeting on 21 July 2023.

The Scheme provides a means to recruit, retain and give recognition to employees who have contributed to the success and development of the Group. Under the Scheme, options to subscribe for the ordinary shares of the Company are granted to key management personnel of the Group. The exercise price of the options is shall be determined by the Remuneration Committee, in its absolute discretion, on the Date of Grant, at a price equal to the Market Price or a price which is set at a discount to the Market Price. The maximum discount shall not exceed 20% or the market price and authorized by shareholders in general meeting.

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

PERFORMANCE SHARE PLAN

The Performance Share Plan (the "Plan") for non-executive Directors and employees of the Group was approved and adopted by the shareholders of the Company at an Extraordinary General Meeting of the Company held on 21 July 2023.

The Plan is intended to attract, retain and incentivise participants to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services; as well as motivating participants to contribute to the long-term prosperity of the Group.

The Plan awards fully paid shares to participants who have achieved pre-determined targets. The shares are settled by way of issuance of new shares by the Company for transfer to the employees.

The Plan is administered by the Remuneration Committee.

No shares have been awarded during the financial year by virtue of the Plan.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under "Employee Share Option Scheme" and "Performance Share Plan", neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Low Wee Siong	(Chairman, Lead Independent Director)
Lum Kin Wah	(Member, Independent Director)
Yee Chia Hsing	(Member, Independent Director)

The AC met 4 times during the financial year under review and carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC reviewed:

- the audit plans and reports of the independent auditor to consider the effectiveness of the actions taken by Management on the auditor's recommendations;

- the internal audit plans, the scope and results of internal audit procedures;

- the Enterprise Risk Management structure, governance and processes;

- the statement of financial position of the Company, the consolidated financial statements of the Group for the financial year ended 31 December 2024 and other announcements to shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") before submission to the Board of Directors ("Board") for approval, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;

- the audit conducted by the independent auditor;

- the assistance and co-operation given by Management to the independent auditor;

- the quality of work performed by the independent auditor;

- the problems and concerns, if any, arising from the interim and final audits;

- the considerations and make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, their remuneration and terms of engagement;

- the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and

- the interested person transactions, as defined in the Listing Manual of SGX-ST.

The AC has recommended to the Board that the independent auditor, CLA Global TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

INDEPENDENT AUDITOR

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

....
Chua Beng Yong
Executive Chairman

....
Chua Meng Hua
Executive Director

18 March 2025

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Beng Kuang Marine Limited (the "Company") and its subsidiary corporations (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of 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 financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 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 Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the 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 Applicable to 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 opinion.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
1. Revenue recognition on infrastructure engineering and corrosion prevention services For the financial year ended 31 December 2024, the revenue recognised from infrastructure engineering and corrosion prevention services was $111.87 million (2023: $79.11 million). The Group has significant contracts in relation to the provision of infrastructure engineering and corrosion prevention services. The recognition of revenue in accordance with SFRS(I) 15 is based on the stage of completion of contract activity. This is assessed by reference to the proportion of contract costs incurred for the work performed as at reporting date relative to the estimated total costs of contract at completion. We focused on this area because of the significant judgements required in preparing reasonable estimates of the total budgeted costs, and the inherent uncertainties in determining the costs attributable to the respective contracts, which directly impacts the revenue recognised on the said contracts. Factual errors or imprecise estimations in the computation of both budgeted costs and actual amounts incurred could result in material variance in the amount of profit or loss recognised to date and in the current period. Furthermore, the budgeted profit on contracts includes key judgements over the expected recovery of costs arising from variations to the contract not uncommonly requested by the customer, compensation events, and claims made against the contractor for delays or other additional costs for which the customer is jointly or severally liable. The inclusion of these amounts in the budget where they are not recoverable could result in a material error in the level of profit or loss recognised by the Group. The accounting policies for infrastructure engineering and corrosion prevention services are set out in Notes 2.2 (a) and (b) to the consolidated financial statements, respectively. The different revenue streams for the Group are disclosed in Note 4 to the consolidated financial statements.	Our audit approach comprised both controls testing and substantive procedures as follows: • understood and evaluated the design and implementation, and tested the operating effectiveness of key controls over the budgeting process, recognition of contract costs, and revenue recognition process. • for sampled contracts, verified contract price through inspection of initial contract, addendums, variation orders and credit notes. • for sampled contracts, reviewed stage of completion by challenging management's key judgements inherent in the estimated costs to complete, and testing actual costs incurred. This includes the following procedures: - reviewed the contract terms and conditions; - verified contract costs incurred from suppliers in respect of project requirements; - reviewed actual cost incurred including accrued costs vis-à-vis estimated contract cost; - tested the existence and completeness of contract costs via inspection of correspondence with suppliers; and - identified inventories during stock take observations which have not been utilised but charged out as project cost incurred, if any. • assessed the need for, and adequacy of, provision for onerous loss-making contracts, if any.

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
2. Credit loss allowance on trade receivables and contract assets As at 31 December 2024, trade receivables and contract assets amounted to \$24.16 million and \$12.71 million (2023: \$20.14 million and \$10.07 million) respectively. Trade receivables and contract assets are carried at amortised cost less appropriate allowance for credit losses. The Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables and contract assets. In carrying out this assessment, judgement is applied by the management to determine appropriate parameters and assumptions used to calculate credit loss allowance. Typically, credit terms given to customers range between 30 to 120 days. In assessing the recoverability, management is required to exercise judgement based on the credit-worthiness of the customers, historical payment trend, forward looking factors, and business relationship fostered with the respective customers. Allowance for credit loss is a subjective area due to the level of judgement involved. Due to the significance of trade receivables and contract assets (representing 47% of total assets) and the related estimation uncertainty, this is considered a key audit matter. The accounting policies for credit loss allowance of trade receivables are set out in Note 2.10(b). The credit risk and the aging of the trade receivables and contract assets are disclosed in Note 29(b)(i).	Our audit procedures focused on evaluating the key judgements and assumptions used by the management in conducting the impairment review. These procedures included the following: • understood, evaluated and validated key controls over revenue and receivables cycle; • assessed the recoverability of significant outstanding trade receivable balances by: - comparing management's views of recoverability of amounts outstanding to historical patterns of receipts, in conjunction with assessing cash received subsequent to year end for its effect in reducing amounts outstanding as at year end; - analysing significant receivables past due over 120 days by challenging management's assessment to determine whether there were any credit losses; and - inspecting arrangements and/or correspondences with external parties to assess the recoverability of long outstanding receivables. • assessed the recoverability of aged contract assets by: - comparing management's assessment of recoverability of these amounts to historical patterns of billings and receipts; - verifying progress billings issued and cash received subsequent to financial year up to the date of this report; and - reviewing correspondences with external parties to assess recoverability of long overdue contract assets, if any.

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
3. Valuation of property, plant and equipment and investment properties	
As at 31 December 2024, property, plant and equipment and investment properties amounted to $10.61 million and $1.55 million (2023: $13.84 million and $Nil) respectively, representing 14% and 2% (2023: 22% and Nil) of total assets. Management identified separate cash-generating units ("CGU") and calculated the recoverable amount of CGU where there were indicators of impairment, being the higher of value-in-use and fair value less costs to sell. For the former, the value-in-use is based on discounted future cash flow forecasts over which management makes judgements on certain key inputs including, for example, discount rates and long-term growth rates. For the latter, the fair value less costs of disposal is estimated by an independent third party valuer based on their knowledge of each CGU and the relevant markets. The recoverable amounts were determined based on the valuation performed by external professional valuers which involves estimating the fair value less cost of disposal of the CGU. The valuation process involves significant judgements and estimations in the underlying assumptions to be applied. Amongst other matters, inputs and assumptions used in valuation include, but are not limited to, recent transaction prices for similar CGU, adjusted for the age and conditions of the respective CGU under impairment review. Due to the significance of property, plant and equipment and investment properties, and high degree of judgement and assumptions involved in estimating the value of the CGU, we determined this as a key audit matter. The accounting policies for impairment for property, plant and equipment and investment properties are set out in Note 2.9(b).	Our audit procedures focused on evaluating the key assumptions used by the management in preparing the impairment assessment, with the assistance of our internal valuation specialists. These procedures included the following: • Evaluated the competence, capabilities and objectivity of the external professional valuer engaged by the management, and internal valuation specialists; • Reviewed management's assessment on the indicators of impairment, on non-financial assets in accordance with SFRS(I) 1-36; • Evaluated the appropriateness of the valuation methodology used to determine the recoverable amounts of the CGU; • Evaluated the reasonableness and appropriateness of the key assumptions used in the valuation; and • Assessed the adequacy of the disclosures on the impairment loss in the Group's financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditor's report thereon, which we obtained prior to the date of this report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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 financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 SSAs 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 financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Loh Ji Kin.

CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

18 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

	Note	2024 $	2023 $
Revenue	4	111,882,886	79,162,023
Cost of sales		(73,150,005)	(54,251,973)
Gross profit		38,732,881	24,910,050
Other gains – net	7	8,268,893	4,374,331
Expenses			
- Administrative		(20,655,017)	(16,486,268)
- Finance	8	(946,687)	(1,980,074)
Profit before income tax		25,400,070	10,818,039
Income tax expense	9	(4,210,045)	(2,900,680)
Net profit		21,190,025	7,917,359
Other comprehensive loss, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – losses		(89,725)	(33,770)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – losses		(21,952)	(1,777)
Other comprehensive loss		(111,677)	(35,547)
Total comprehensive income		21,078,348	7,881,812
Profit attributable to:			
Equity holders of the Company		11,538,435	3,424,266
Non-controlling interests		9,651,590	4,493,093
		21,190,025	7,917,359
Total comprehensive income attributable to:			
Equity holders of the Company		11,448,710	3,390,496
Non-controlling interests		9,629,638	4,491,316
		21,078,348	7,881,812
Profit per share attributable to equity holders of the Company (cents per share)			
Basic profit per share	10	5.79	1.72
Diluted profit per share	10	5.79	1.72

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	Group 2024 $	Group 2023 $
ASSETS			
Current assets			
Cash and cash equivalents	11	22,920,069	12,185,714
Trade and other receivables	12	24,953,760	21,834,383
Contract assets	4(b)	12,712,293	10,069,682
Inventories	13	1,068,124	1,986,765
		61,654,246	46,076,544
Assets of disposal group	14	–	2,741,810
		61,654,246	48,818,354
Non-current assets			
Investment properties	16	1,553,551	–
Property, plant and equipment	17	10,612,048	13,841,397
Deferred income tax assets	24	292,488	340,787
		12,458,087	14,182,184
Total assets		74,112,333	63,000,538
LIABILITIES			
Current liabilities			
Trade and other payables	20	31,732,572	32,538,922
Contract liabilities	4(b)	43,151	–
Deferred income	21	736,595	45,820
Current income tax liabilities		3,931,255	2,299,721
Borrowings	22	3,762,592	12,603,122
		40,206,165	47,487,585
Non-current liabilities			
Trade payables	20	951,398	2,116,267
Borrowings	22	4,476,396	1,537,462
Deferred income tax liabilities	24	6,630	7,629
		5,434,424	3,661,358
Total liabilities		45,640,589	51,148,943
NET ASSETS		28,471,744	11,851,595

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	Group 2024 $	Group 2023 $
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	54,124,399	54,124,399
Other reserves	26	(2,036,742)	(1,951,751)
Accumulated losses		(31,097,397)	(42,635,832)
		20,990,260	9,536,816
Non-controlling interests	15	7,481,484	2,314,779
Total equity		28,471,744	11,851,595

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	Company 2024 $	Company 2023 $
ASSETS			
Current assets			
Cash and cash equivalents	11	2,384,621	4,577,140
Trade and other receivables	12	20,007,169	26,233,061
		22,391,790	30,810,201
Non-current assets			
Investments in subsidiary corporations	15	4,589,297	4,190,001
Property, plant and equipment	17	765,737	779,598
		5,355,034	4,969,599
Total assets		27,746,824	35,779,800
LIABILITIES			
Current liabilities			
Trade and other payables	20	18,904,764	24,703,980
Borrowings	22	197,303	8,375,947
		19,102,067	33,079,927
Non-current liability			
Borrowings	22	3,259,356	257,745
Total liabilities		22,361,423	33,337,672
NET ASSETS		5,385,401	2,442,128
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	54,124,399	54,124,399
Accumulated losses	27	(48,738,998)	(51,682,271)
Total equity		5,385,401	2,442,128

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

		← Attributable to equity holders of the Company →					
	Note	Share capital $	Accumulated losses $	Other reserves $	Total $	Non-controlling interests $	Total $
2024							
Beginning of financial year		54,124,399	(42,635,832)	(1,951,751)	9,536,816	2,314,779	11,851,595
Profit for the financial year		–	11,538,435	–	11,538,435	9,651,590	21,190,025
Other comprehensive loss for the financial year		–	–	(89,725)	(89,725)	(21,952)	(111,677)
Total comprehensive income/(loss) for the financial year		–	11,538,435	(89,725)	11,448,710	9,629,638	21,078,348
Acquisition of additional equity interest in subsidiary corporation	15	–	–	4,734	4,734	(504,734)	(500,000)
Dividend paid to non-controlling interests		–	–	–	–	(3,959,200)	(3,959,200)
Disposal of shares in subsidiary corporation	15	–	–	–	–	1,001	1,001
End of financial year		54,124,399	(31,097,397)	(2,036,742)	20,990,260	7,481,484	28,471,744
2023							
Beginning of financial year		54,124,399	(46,060,098)	(1,920,653)	6,143,648	(1,167,830)	4,975,818
Profit for the financial year		–	3,424,266	–	3,424,266	4,493,093	7,917,359
Other comprehensive loss for the financial year		–	–	(33,770)	(33,770)	(1,777)	(35,547)
Total comprehensive income/(loss) for the financial year		–	3,424,266	(33,770)	3,390,496	4,491,316	7,881,812
Acquisition of additional equity interest in subsidiary corporation	15	–	–	2,672	2,672	(8,672)	(6,000)
Dividend paid to non-controlling interests	15	–	–	–	–	(1,000,035)	(1,000,035)
End of financial year		54,124,399	(42,635,832)	(1,951,751)	9,536,816	2,314,779	11,851,595

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note	2024	2023
		$	$
Cash flows from operating activities			
Net profit		21,190,025	7,917,359
Adjustments for:			
Credit loss (write-back)/allowance – trade receivables, net	5	(344,775)	826,101
Credit loss allowance – non-trade receivables, net	7	–	147,194
Credit loss allowance – contract assets	7	–	1,239,882
Inventories written down	5	22,074	28,892
Gain on disposal of property, plant and equipment	7	(83,341)	(376,840)
Gain on lease termination	7	(3,008)	–
Property, plant and equipment written off	7	25,958	15,611
Interest income	7	(149,279)	(8,405)
Interest expense	8	946,687	1,980,074
Income tax expense	9	4,210,045	2,900,680
Gain on disposal and remeasurement of disposal group, net	7	(5,511,476)	(5,399,577)
Gain on disposal of subsidiary corporation	7	–	(1)
Depreciation of investment property	16	164,503	–
Depreciation of property, plant and equipment	5	2,734,685	3,044,616
Unrealised currency translation differences		26,445	(25,603)
		23,228,543	12,289,983
Change in working capital			
Inventories		66,497	506,277
Contract assets		(2,642,611)	(4,004,132)
Trade and other receivables		(2,771,907)	(5,410,120)
Trade and other payables		(1,267,754)	4,456,610
Contract liabilities		43,151	(16,927)
Deferred income		690,775	45,820
Cash generated from operations		17,346,694	7,867,511
Interest received		149,279	8,405
Interest paid		(211,879)	(607,494)
Income tax paid		(2,531,211)	(1,737,924)
Net cash generated from operating activities		14,752,883	5,530,498

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note	2024 $	2023 $
Cash flows from investing activities			
Additions to property, plant and equipment	17(b)	(1,121,101)	(924,533)
Proceeds from disposal of property, plant and equipment		113,488	1,703,138
Proceeds from disposal of subsidiary corporation to non-controlling interest	15	1,001	–
Proceeds from disposal of subsidiary corporation, net of cash disposed of	11	–	(58,685)
Acquisition of non-controlling interests	15	(500,000)	(6,000)
Net cash inflow from sale of disposal group		7,534,439	11,414,436
Net cash generated from investing activities		6,027,826	12,128,356
Cash flows from financing activities			
Bank deposits pledged	11	(200,000)	–
Proceeds from borrowings	22(c)	9,135,249	13,016,114
Proceeds from bond	23	3,000,000	–
Repayment of borrowings		(11,569,464)	(20,589,279)
Repayment of bond		(2,670,664)	–
Principal payment of lease liabilities		(1,376,627)	(1,229,518)
Interest paid on lease liabilities		(734,808)	(1,242,080)
Increase in/(repayment of) bills payable, net		103,383	(760,535)
Dividend paid to non-controlling interests		(3,959,200)	(1,000,035)
Net cash used in financing activities		(8,272,131)	(11,805,333)
Net increase in cash and cash equivalents		12,508,578	5,853,521
Cash and cash equivalents			
Beginning of financial year		9,888,622	4,060,397
Effects of currency translation on cash and cash equivalents		22,869	(25,296)
End of financial year	11	22,420,069	9,888,622

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Beng Kuang Marine Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 2 Venture Drive, #14-15 Vision Exchange, Singapore 608526.

The principal activities of the Company are provision of corrosion prevention services relating to repairing of ships, tankers and other ocean-going vessels and investment holding. The principal activities of its subsidiary corporations are shown in Note 15.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2024

On 1 January 2024, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

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

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods or services to the customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Infrastructure engineering services

Revenue from infrastructure engineering is recognised over time based on the stage of completion or to the extent of contract costs incurred where it is probable those costs will be recoverable. Infrastructure engineering services include fabrication and construction of steel structures and/or vessels. The stage of completion for a given contract is measured by reference to the contract costs incurred to date against the estimated total costs for the contract. Revenue is recognised to the extent of contract costs incurred in situations where the contract outcome cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(b) Infrastructure engineering services (continued)

Invoices for service rendered are raised in accordance with contracts and/or work order agreements. Payment terms differ from contract to contract. Payment is generally upon acceptance of progressive claims, milestone achieved as well as handing over project completion as stated in the contractual agreement and/or work order. In most contracts, down payment is required before commencement of work to facilitate mobilisation of project and purchase of materials. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

If the value of the goods and services transferred by the Group exceeds the payments and billings, a contract asset is recognised. If the payments and billings exceed the value of the goods and services transferred, a contract liability is recognised.

(c) Corrosion prevention services

The Group provides corrosion prevention services, comprising blasting and painting services. Revenue from corrosion prevention service is recognised over time based on the stage of completion or to the extent of contract costs incurred where it is probable that those costs will be recoverable. The stage of completion for a given contract is measured by reference to the contract costs incurred to date against the estimated total costs for the contract. Revenue is recognised to the extent of contract costs incurred, in situations where the contract outcome cannot be reliably measured. Proforma invoices ("PI") for service rendered are issued to customers with supporting work done and/or work completion report. Final invoice is issued upon agreement on the final contract price. Payment for these services is due within 30 days upon issuance of agreed final invoice. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

If the value of the services transferred by the Group exceeds the payments and billings, a contract asset is recognised. If the payments and billings exceed the value of the goods transferred, a contract liability is recognised.

(d) Sale of goods – tools, equipment and consumables

Revenue from these sales is recognised at a point in time when the goods have been transferred to the customers and coincides with the delivery of goods and accepted by the customers.

(e) Sale of vessels

Revenue from the sale of vessels is recognised at a point in time when the customer takes control of the vessel represented by when the vessel is delivered to the customer and accepted by the customer. Invoices for sales of vessels are issued to the customers when the contract is signed.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(h) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Government grants

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

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately in "other gains – net".

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the entity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interest having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to paragraph "Intangible assets – Goodwill on acquisition" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

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

	Useful lives
Motor vehicles	8 – 10 years
Furniture, fittings and equipment	3 – 10 years
Forklifts, machinery, tools and equipment	2 – 20 years
Leasehold improvement and renovation	3 – 10 years
Leasehold building	3 – 29 years
Leasehold land	30 years
Yard development	2 – 30 years
Vessels	5 – 20 years
Drydocking	2.5 – 5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

(c) *Subsequent expenditure*

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

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains/(losses) – net”.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Investment properties

Investment properties include those land parcels of the Batam shipyard that are held for long-term rental yields and/or for capital appreciation and right-of-use assets relating to leasehold land that is held for long-term capital appreciation or for a currently indeterminate use.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life equal to lease term of the leasehold land and building.

The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), an entity accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

2.7 Borrowing costs

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

2.8 Investments in subsidiary corporations

Investments in subsidiary corporations are stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (continued)

(b) *Investment properties*
Property, plant and equipment
Investments in subsidiary corporations

Investment properties, property, plant and equipment, and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

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

2.10 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets as at amortised cost.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

<u>At initial recognition</u>

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise cash and cash equivalents and trade and other receivables.

The subsequent measurement depends on the Group's business model for managing the asset and the cash flow characteristics of the asset:

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

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 (b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets measured at amortised cost, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

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

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

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

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

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

2.14 Trade and other payables

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

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

2.15 Leases

(i) When the Group is the lessee:

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

- Right-of-use assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(i) When the Group is the lessee: (continued)

- Right-of-use assets (continued)

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

- Lease liabilities

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

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees;
  - The exercise price of a purchase option if is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

  For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease components for property leases and account for these as one single lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Group's assessment of whether it will exercise an extension option; or
  - There are modifications in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(i) When the Group is the lessee: (continued)

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(ii) When the Group is the lessor:

The Group leases equipment under operating leases to non-related parties.

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

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

Contingent rents are recognised as income in profit or loss when earned.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease within “Trade and other receivables”. Any difference between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within “Revenue”. The right-of-use asset relating to the head lease is not derecognised.

For contracts which contain lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2.16 Inventories

Inventories relate to trading goods and construction materials to be used in the course of rendering services. Inventories are carried at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions

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

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

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Provisions (continued)

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration the time value of money.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, 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.

2.19 Employee compensation

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

(a) Defined contribution plans

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

(b) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(c) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Employee compensation (continued)

(d) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the “treasury shares” account, when treasury shares are re-issued to the employees.

2.20 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollar (“$” or “SGD”), which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within “finance expenses”. All other foreign exchange gains and losses impacting profit or loss are presented in income statement within “other gains/(losses) – net”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Currency translation (continued)

(c) *Translation of Group entities' financial statements*

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

(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.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital account.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Impairment of property, plant and equipment and investment properties

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

Management identifies separate CGUs where there is any objective evidence or indication of impairment, and has calculated the recoverable amount of CGUs at the higher of value-in-use and fair value less costs to sell. For the former, the value-in-use is based on discounted cash flow forecasts over which management makes judgements on certain key inputs including, among others, discount rates and long term growth rates. For the latter, the fair value less costs of disposal is estimated by an independent third party valuer based on their knowledge of each CGU and the relevant markets.

(b) Estimation of total contract costs

The Group has significant ongoing contracts for infrastructure engineering and corrosion prevention services. For these contracts, revenue is recognised over time by reference to the stage of completion. The stage of completion is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of contract revenue. When it is probable that the total contract costs will exceed the total contract revenue, a provision for onerous contracts is recognised immediately.

Significant judgement is used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of the surveying engineers to determine the progress of the work and also on past experience of completed projects.

If the contract costs of on-going contracts to be incurred had been increased/decreased by 10% (2023: 10%) from management's estimates, the Group's net profit would have been decreased/increased by $314,927 (2023: $63,046).

(c) Impairment of trade receivables and contract assets

As at 31 December 2024, the Group's gross trade receivables (Note 12) and contract assets (Note 4(b)) amounted to $24,158,414 (2023: $20,136,347) and $12,712,293 (2023: $10,069,682) respectively, arising from the Group's different revenue segments – infrastructure engineering and corrosion prevention.

Based on the Group's historical credit loss experience, trade receivables exhibited different loss patterns for different aging groups. Accordingly, management has determined the expected loss rates by grouping the receivables based on shared credit risk characteristics and days past due. A loss allowance of $260,687 (2023: $629,318) for trade receivables was recognised as at 31 December 2024 (Note 12).

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

The Group's and the Company's credit risk exposure for trade receivables and contract assets by different revenue segment is set out in Note 29(b)(i).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4. REVENUE

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time $	Over time $	Total $
2024			
Infrastructure engineering			
- Singapore	1,324,849	22,061,099	23,385,948
- Asia	208,330	3,822,746	4,031,076
- Europe	7,028,672	54,553,199	61,581,871
- Middle East	–	44,327	44,327
- South America	–	1,753,057	1,753,057
- Africa	–	600,285	600,285
- Others	33,205	–	33,205
	8,595,056	82,834,713	91,429,769
Corrosion prevention			
- Singapore	612,101	12,452,296	13,064,397
- Asia	537,628	6,838,177	7,375,805
	1,149,729	19,290,473	20,440,202
Others			
- Asia	–	12,915	12,915
Total	9,744,785	102,138,101	111,882,886
2023			
Infrastructure engineering			
- Singapore	125,469	16,733,480	16,858,949
- Asia	721,827	4,255,150	4,976,977
- Europe	4,188,788	29,538,983	33,727,771
- Middle East	–	1,291,749	1,291,749
- Others	170,230	–	170,230
	5,206,314	51,819,362	57,025,676
Corrosion prevention			
- Singapore	2,249,383	12,696,318	14,945,701
- Asia	422,252	6,718,643	7,140,895
	2,671,635	19,414,961	22,086,596
Others			
- Asia	–	49,751	49,751
Total	7,877,949	71,284,074	79,162,023

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4. REVENUE (CONTINUED)

(b) Contract balances

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

	2024 $	2023 $
Trade receivables (Note 12)	24,158,414	20,136,347
Less: Loss allowance (Note 12)	(260,687)	(629,318)
	23,897,727	19,507,029
Infrastructure engineering and corrosion prevention		
- Contract assets	12,712,293	10,069,682
- Contract liabilities	(43,151)	–

Contract assets represent the Group's right to consideration in exchange for infrastructure engineering and corrosion prevention services that the Group has transferred to customers but remained unbilled as at year end. Upon billing, the amounts recognised as contract assets are reclassified to trade receivables. Contract assets for infrastructure engineering and corrosion prevention have increase due to more projects in tandem with the increase in revenue in 2024.

Revenue recognised in relation to contract liabilities

	2024 $	2023 $
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the year	–	16,927

The Group has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5. EXPENSES BY NATURE

	Group	
	2024	2023
	$	$
Purchases of inventories and construction materials	15,073,141	12,111,698
Subcontractors' fees	39,785,453	24,815,154
Depreciation of investment properties (Note 16)	164,503	–
Depreciation of property, plant and equipment (Note 17)	2,734,685	3,044,616
Inventories written down (Note 13)	22,074	28,892
(Write-back)/credit loss allowance – trade receivables, net (Note 29(b)(i))	(344,775)	826,101
Fees on audit services paid/payable to:		
- Auditor of the Company	180,000	180,000
- Other auditor	34,678	26,323
Total fees on audit services	214,678	206,323
Fees on non-audit services paid/payable to:		
- Auditor of the Company	7,150	16,650
- Other auditor	265	265
Total fees on non-audit services	7,415	16,915
Employee compensation (Note 6)	28,864,593	20,838,600
Foreign worker levies	931,206	936,487
Insurance	477,676	471,891
Office related expenses	352,647	347,044
Professional fees	643,746	397,070
Rental of office equipment and machinery (Note 18 (d))	2,385,146	2,886,262
Repair and maintenance of vessel and equipment	827,243	813,699
Transport and travelling	544,073	571,654
Other expenses	202,877	1,160,023
Changes in inventories	918,641	1,441,617
Total cost of sales and administrative expenses	93,805,022	70,914,046

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

6. EMPLOYEE COMPENSATION

	Group	
	2024	2023
	$	$
Wages and salaries	26,704,538	19,000,718
Employer's contribution to defined contribution plans	1,179,785	942,494
Other short-term benefits	980,270	895,388
	28,864,593	20,838,600

7. OTHER GAINS – NET

	Group	
	2024	2023
	$	$
Interest income from bank deposits	149,279	8,405
Gain on disposal of property, plant and equipment	83,341	376,840
Gain on disposal and re-measurement of disposal group, net (Note 14)	5,511,476	5,399,577
Gain on disposal of subsidiary corporation (Note 11)	–	1
Gain on lease termination (Note 18(h))	3,008	–
Property, plant and equipment written off (Note 17)	(25,958)	(15,611)
Currency exchange gains/(losses), net	523,061	(588,635)
Government grants:		
- Jobs Growth Incentive	–	35,663
- Market Readiness Assistance (MRA)	–	131,200
- Progressive Wage Credit Scheme (PWCS) [(a)]	130,275	104,772
- Others	58,934	99,624
Total government grants	189,209	371,259
Credit loss allowance – non-trade receivables (Note 29(b)(ii))	–	(147,194)
Credit loss allowance – contract assets (Note 29(b)(i))	–	(1,239,882)
Disposal of scrap metal	193,141	54,099
Rental income from (Note 19)		
- Leasing out land, building and yard	1,328,630	–
Miscellaneous	313,706	155,472
	8,268,893	4,374,331

(a) The Progressive Wage Credit Scheme ("PWCS") is a government initiative to support businesses in implementing wage increases for lower-wage workers. The scheme is administered by the Inland Revenue Authority of Singapore (IRAS) and applies from 2022 to 2026.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

8. FINANCE EXPENSES

	Group	
	2024	2023
	$	$
Interest expense		
- Bank borrowings	38,445	416,178
- Factoring facility	274,151	539,090
(Note 22(c))	312,596	955,268
- Bank overdrafts	6,840	116,473
- Lease liabilities (Note 18(c) and 22(c))	117,850	85,758
- Bonds (Note 22(c))	304,348	315,000
- Bills payable	14	16,555
- Loan from non-related parties	205,039	491,020
	946,687	1,980,074

9. INCOME TAX EXPENSE

	Group	
	2024	2023
	$	$
Tax expense attributable to the profit is made up of:		
- Profit for the financial year:		
Current income tax – Singapore	3,996,237	2,001,280
– Foreign	212,337	567,839
	4,208,574	2,569,119
Deferred income tax (Note 24)	54,550	49,878
	4,263,124	2,618,997
- (Over)/under provision in prior financial years:		
Current income tax – Singapore	(45,829)	(3,832)
Deferred income tax (Note 24)	(7,250)	285,515
	(53,079)	281,683
Total income tax expense	4,210,045	2,900,680

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

9. INCOME TAX EXPENSE (CONTINUED)

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

	Group	
	2024 $	2023 $
Profit before income tax	25,400,070	10,818,040
Tax at the applicable tax rate of 17% (2023: 17%)	4,318,013	1,839,067
Effects of:		
- expenses not deductible for tax purposes	832,873	475,444
- income not subject to tax	(1,869,742)	(628,256)
- tax incentives	(36,975)	(26,437)
- different tax rates in other countries	426,362	230,129
- deferred tax assets not recognised	632,257	726,321
- (over)/under provision of tax in prior years	(53,079)	281,683
- others	(39,664)	2,729
Tax charge	4,210,045	2,900,680

10. PROFIT PER SHARE

	2024	2023
Profit attributable to equity holders of the Company ($)	11,538,435	3,424,266
Weighted average number of ordinary shares for basic earnings per share	199,210,406	199,210,406
Basic profit per share (cents per share)	5.79	1.72
Diluted profit per share (cents per share)	5.79	1.72

Basic profit per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The Group has no potentially dilutive shares as at 31 December 2023.

As at financial year end 31 December 2024, shareholders hold 59,763,110 bonus warrants. These are anti-dilutive because the exercise price of $0.22 is higher than the average market price in 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Cash at bank and on hand	22,441,535	12,185,714	2,384,621	4,577,140
Short-term bank deposits	478,534	–	–	–
	22,920,069	12,185,714	2,384,621	4,577,140

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2024	2023
	$	$
Cash and bank balances	22,920,069	12,185,714
Less: Bank deposits pledged (Note 22) [(a)]	(500,000)	(300,000)
Less: Bank overdrafts (Note 22)	–	(1,997,092)
Cash and cash equivalents per consolidated statement of cash flows	22,420,069	9,888,622

(a) Bank deposits are pledged in relation to the security granted for certain borrowings (Note 22(a)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

11. CASH AND CASH EQUIVALENTS (CONTINUED)

Disposal of subsidiary corporation

On 1 August 2023, Nexus Sealand Trading Pte. Ltd., a wholly-owned subsidiary corporation, sold its wholly-owned subsidiary corporation, Picco Enterprise Pte. Ltd., to a third party. The effects of the disposal on the cash flows of the Group were as follows:

	2023 $
Carrying amounts of assets and liabilities as at the date of disposal:	
Cash and cash equivalents	58,686
Trade and other receivables	213,161
Inventories	49,474
Property, plant and equipment	40,391
Total assets	361,712
Trade and other payables	(322,627)
Lease liabilities	(39,085)
Total liabilities	(361,712)
Net liabilities derecognised	–
Net liabilities disposed of	–
Cash outflows arising from disposal:	
Net liabilities disposed of (as above)	–
Gain on disposal	1
Cash proceeds on disposal	1
Less: Cash and cash equivalents in subsidiary corporation disposed of	(58,686)
Net cash outflow on disposal	(58,685)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Trade receivables				
- Subsidiary corporations	–	–	891,327	1,644,953
- Non-related parties	24,158,414	20,136,347	3,392	–
	24,158,414	20,136,347	894,719	1,644,953
Less: Loss allowance (Note 29(b)(i))				
- Subsidiary corporations	–	–	–	(716,239)
- Non-related parties	(260,687)	(629,318)	–	–
Trade receivables – net	23,897,727	19,507,029	894,719	928,714
Non-trade receivables				
- Subsidiary corporations	–	–	19,798,234	50,319,756
- Non-related parties	177,905	554,206	–	210,714
	177,905	554,206	19,798,234	50,530,470
Less: Loss allowance (Note 29(b)(ii))				
- Subsidiary corporations	–	–	(740,000)	(25,372,789)
- Non-related parties	–	(47,194)	–	(47,194)
Non-trade receivables – net	177,905	507,012	19,058,234	25,110,487
Retentions	163,279	740,673	–	–
Deposits	405,536	792,957	47,499	177,128
Prepayments	309,313	286,712	6,717	16,732
	1,056,033	2,327,354	19,112,450	25,304,347
	24,953,760	21,834,383	20,007,169	26,233,061

The carrying amounts of the trade receivables of the Group include amounts of $2,535,167 (2023: $2,936,530) which are subject to a factoring arrangement. Under this arrangement, the Group has factored the relevant receivables in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognise the factored assets in their entirety in the statement of financial position. The amount repayable under the factoring arrangement is presented as secured borrowings (Note 22). The Group considers that the held-to-collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The non-trade receivables from subsidiary corporations in gross are unsecured, interest-free and are receivable on demand except for the amounts of $996,401 for the financial year 2024 due from certain subsidiary corporations which bore one-time interest rate ranging from 1.5% to 6.5%.

During the financial year ended 31 December 2024, the Company made an impairment loss of $Nil and $240,000 (2023: $252,015 and $4,255,595) on trade and non-trade receivables respectively (Note 29(b)(i) and Note 29(b)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

13. INVENTORIES

	Group	
	2024	2023
	$	$
Consumables and construction materials	806,066	1,325,379
Trading goods	262,058	661,386
	1,068,124	1,986,765

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $15,991,782 (2023:$13,553,315), excluding inventories written down.

The Group recognised inventories written down of $22,074 (2023: $28,892) (Notes 5) for inventories which were expected to be sold or recovered below the carrying amounts. The amount recognised has been included in "cost of sales".

14. ASSETS OF DISPOSAL GROUP

	Group	
	2024	2023
	$	$
Beginning of financial year	2,741,810	–
Reclassified from inventories	830,070	856,974
Reclassified from property, plant and equipment (Note 17) [(a)(b)(c)]	249,762	6,099,730
Disposals [(b)]	(2,991,572)	(3,357,920)
Loss on remeasurement to fair value less cost to sell	(830,070)	(856,974)
End of financial year [(a)(c)]	–	2,741,810

(a) On 21 June 2023, the Group's wholly-owned subsidiary corporation, PT. Nexus Engineering Indonesia, entered into a term sheet with PT. Bukit Batu Mulia (the "parties") for the sale of a further 100,970 square metres of land forming part of the Group's 328,956 square metre waterfront fabrication yard in Batam, Indonesia for a consideration of $9.62 million. On 4 August 2023, the parties entered into a sale and purchase agreement. The disposal was completed on 20 December 2023, with gain on disposal of $5,399,577 (Note 7).

(b) On 12 April 2023, the Group's wholly-owned subsidiary corporation, PT. Nexus Engineering Indonesia, entered into a Conditional Land Sale & Purchase Agreement with Oil States Industries (Asia) Pte. Ltd. for the sale of 90,000 square metres of land forming part of the Group's 328,956 square metre waterfront fabrication yard in Batam, Indonesia for a consideration of $8.64 million. The disposal was completed on 24 January 2024, with gain on disposal of $5,533,623.

(c) On 26 June 2023, the Group's wholly-owned subsidiary corporation, PT. Marina Shipping, entered into a sale and purchase agreement with PT Pelayaran Sinar Varuna Sentosa for a second 1,700HP tugboat for a consideration of $0.97 million. The disposal was completed on 19 January 2024, with a loss of $22,147.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2024	2023
	$	$
Equity investments at cost		
Beginning of financial year	5,114,434	5,108,434
Acquisition of non-controlling interests	–	6,000
Additions	679,298	–
Disposal	(280,002)	–
End of financial year	5,513,730	5,114,434
Less: Impairment loss	(924,433)	(924,433)
Net carrying value	4,589,297	4,190,001

Additional investment in subsidiary corporation

The Company has injected share capital of IDR8,204,186,000 (approximately $678,256) to its wholly-owned subsidiary corporation, PT. Nexelite CP Indonesia ("NCI").

Acquisition of non-controlling interest

On 26 December 2023, the Company acquired additional shares in its subsidiary corporation, Water and Environmental Technologies (WET) Pte. Ltd. ("WET") for a purchase consideration of $6,000 thereupon holding 82% of the share capital of WET. The Group derecognised non-controlling interests of $8,672 and recorded an increase in equity attributable to owners of the parent of $2,672. The effect of changes in the ownership interest of WET on the equity attributable to owners of the Company during the year is summarised as follows:

	2023
	$
Carrying amount of non-controlling interests acquired	8,672
Consideration paid to non-controlling interests	(6,000)
	2,672

On 26 April 2024, Beng Kuang Marine (B&Chew) Pte. Ltd. a wholly-owned subsidiary corporation, acquired shares in its subsidiary corporation, Nexus Hydrotech Pte. Ltd. ("NHT") for a purchase consideration of $500,000 thereupon holding 100% of the share capital of NHT. The Group derecognised non-controlling interest of $504,734 and recorded an increase in equity attributable to owners of the parent of $4,734.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Disposal of interest in a subsidiary corporation

On 1 August 2023, Nexus Sealand Trading Pte. Ltd., a wholly-owned subsidiary corporation of the Company, has sold its 100% interest in Picco Enterprise Pte. Ltd. ("PICCO") to an external party for an aggregate consideration of $1 (Note 11).

On 20 September 2024, Nexus Sealand Trading Pte. Ltd., a wholly-owned subsidiary corporation of Beng Kuang Marine (B&Chew) Pte. Ltd. ("B&C") disposed of 51% and 49% equity interest in its subsidiary corporation, MTM Engineering Pte. Ltd. ("MTM"), respectively to the Company and external parties for consideration of $1,042 and $1,001 respectively.

Transfer of subsidiary corporations

On 30 July 2024, the Company transferred its 100% interest in B&K Marine Pte. Ltd., Beng Kuang Marine (B&M) Pte. Ltd. and Nexus Sealand Trading Pte. Ltd. to Beng Kuang Marine (B&Chew) Pte. Ltd. for considerations of $100,000, $100,000, and $2, respectively, Additionally, the Company transferred its 80% interest in Nexus Hydrotech Pte. Ltd. to Beng Kuang Marine (B&Chew) Pte. Ltd. for a consideration of $80,000. The considerations for the transfers with aggregate amount of $280,002 are equivalent to the investment's carrying amounts.

On the same date, Nexus Sealand Trading Pte. Ltd. transferred its 100% interest in its subsidiary corporation, OneHub Tank Coating Pte. Ltd. to Beng Kuang Marine (B&Chew) Pte. Ltd. for a consideration of $1.

Details of the subsidiary corporations as at 31 December 2024 and 2023 are as follows:

Name	Principal activities	Country of business/ incorporation	Interest held by the Parent		Effective interest held by the Group	
			2024	2023	2024	2023
			%	%	%	%
Held by the Company						
Nexus Sealand Trading Pte. Ltd. [1]	Supply and distribution of hardware equipment, tools and other products	Singapore	–	100	100	100
PT. Nexus Engineering Indonesia [6]	Provision of infrastructure engineering services	Indonesia	100[4]	100[4]	100[4]	100[4]
PT. Master Indonesia [5]	Sourcing and procurement of material and equipment in engineering and construction	Indonesia	100[4]	100[4]	100[4]	100[4]
B & K Marine Pte. Ltd. [1]	Provision of corrosion prevention services	Singapore	–	100	100	100
Beng Kuang Marine (B&Chew) Pte. Ltd. [1]	Provision of corrosion prevention services	Singapore	100	100	100	100
Beng Kuang Marine (B&M) Pte. Ltd. [1]	Provision of corrosion prevention services	Singapore	–	100	100	100
Nexus Hydrotech Pte. Ltd. [1]	Provision of corrosion prevention services (utilising hydro-jetting machines)	Singapore	–	80	100	80

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations as at 31 December 2024 and 2023 are as follows: (continued)

Name	Principal activities	Country of business/ incorporation	Interest held by the Parent		Effective interest held by the Group	
			2024	2023	2024	2023
			%	%	%	%
Held by the Company (continued)						
Venture Automation & Electrical Engineering Pte. Ltd. (1)	Provision of industrial and marine automation works	Singapore	51	51	51	51
Pangco Pte. Ltd. (1)	Provision of corrosion prevention services	Singapore	51	51	51	51
MTM Engineering Pte.Ltd. (1)	Provision of metalising services	Singapore	51	100	51	100
Water and Environmental Technologies (WET) Pte. Ltd. (1)	Provision of research and development, and solution for waste management	Singapore	82	74	82	74
Asian Sealand Offshore and Marine Pte. Ltd. (1)	Provision of offshore repair and maintenance services	Singapore	51	51	51	51
PT. Nexelite CP Indonesia (2)	Provision of corrosion prevention services	Indonesia	100(4)	100(4)	100(4)	100(4)
Quill Marine Pte. Ltd. (1)	Investment holding company and provision of freight transport services	Singapore	100	100	100	100
International Offshore Equipments Pte. Ltd. (1)	Provision of design, manufacture, and fabricate offshore equipment and ship parts	Singapore	51	51	51	51
Held by Nexus Sealand Trading Pte. Ltd.						
MTM Engineering Pte. Ltd. (1)	Provision of metalising services	Singapore	–	100	–	100
OneHub Tank Coating Pte. Ltd. (1)	Provision for internal tank coating services	Singapore	–	100	100	100
Held by Pangco Pte. Ltd.						
PT. Berger Batam (2)	Provision of corrosion prevention services	Indonesia	100	100	51(4)	51(4)
Held by Quill Marine Pte. Ltd.						
Drako Shipping Pte. Ltd. (1)	Provision of freight transport services	Singapore	100	100	100	100
Held by Drako Shipping Pte. Ltd.						
PT. Marina Shipping (5)	Provision of freight transport services	Indonesia	100	100	100	100
Held by International Offshore Equipments Pte. Ltd.						
International Offshore Equipment Canada Inc. (5)	Design, manufacture and fabricate offshore equipment and ship parts	Canada	100	100	51	51

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations as at 31 December 2024 and 2023 are as follows: (continued)

Name	Principal activities	Country of business/ incorporation	Interest held by the Parent		Effective interest held by the Group	
			2024	2023	2024	2023
			%	%	%	%
Held by Asian Sealand Offshore and Marine Pte. Ltd.						
ASIC Engineering Sdn. Bhd. (3)	Provision of infrastructure engineering services	Malaysia	100	100	51	51
PBT Engineering Resources Pte. Ltd. (1)	Building and repairing of ships, tankers and other ocean-going vessels.	Singapore	100	100	51	51
Held by Beng Kuang Marine (B&Chew) Pte. Ltd.						
B & K Marine Pte. Ltd. (1)	Provision of corrosion prevention services	Singapore	100	–	100	100
Beng Kuang Marine (B&M) Pte. Ltd. (1)	Provision of corrosion prevention services	Singapore	100	–	100	100
OneHub Tank Coating Pte. Ltd. (1)	Provision for internal tank coating services	Singapore	100	–	100	100
Nexus Hydrotech Pte. Ltd. (1)	Provision of corrosion prevention services (utilising hydro-jetting machines)	Singapore	100	–	100	–
Nexus Sealand Trading Pte. Ltd. (1)	Supply and distribution of hardware equipment, tools and other products	Singapore	100	–	100	80

(1) Audited by CLA Global TS Public Accounting Corporation, Singapore.
(2) No statutory audit requirement. The entity is audited by KAP Hendrawinata Hanny Erwin & Sumargo, Indonesia for consolidation purposes.
(3) Audited by MW (AF 002256) Chartered Accountants, Malaysia.
(4) 1% of the shareholding is held in trust for the Group by an employee of the Group.
(5) Not required to be audited under the laws of the country of incorporation.
(6) No statutory audit requirement. The entity is audited by KAP Charles & Nurlena, Indonesia for consolidation purposes.

Carrying value of non-controlling interests

	2024	2023
	$	$
Asian Sealand Offshore and Marine Pte. Ltd. and its subsidiary corporations	13,411,303	7,859,219
International Offshore Equipments Pte. Ltd. and its subsidiary corporation	(6,760,417)	(6,832,415)
Other subsidiary corporations with immaterial non-controlling interests	830,598	1,287,975
	7,481,484	2,314,779

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below is the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statements of financial position

	Asian Sealand Offshore and Marine Pte. Ltd. and its Subsidiary Corporations		International Offshore Equipments Pte. Ltd. and its Subsidiary Corporation	
	2024	2023	2024	2023
	$	$	$	$
As at 31 December				
Current				
Assets	47,617,502	28,347,086	456,084	1,110,849
Liabilities	(20,159,498)	(11,995,591)	(12,672,136)	(13,447,541)
Total net current assets/(liabilities)	27,458,004	16,351,495	(12,216,052)	(12,336,692)
Non-current				
Assets	400,255	381,316	27,399	1,104
Liabilities	(108,325)	(312,714)	–	–
Total net non-current assets	291,930	68,602	27,399	1,104
Net assets/(liabilities)	27,749,934	16,420,097	(12,188,653)	(12,335,588)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Summarised statements of comprehensive income

	Asian Sealand Offshore and Marine Pte. Ltd. and its Subsidiary Corporations		International Offshore Equipments Pte. Ltd. and its Subsidiary Corporation	
	2024	2023	2024	2023
	$	$	$	$
Revenue	87,966,117	51,307,539	3,336,736	2,757,678
Profit/(loss) before income tax	23,172,250	12,036,646	146,935	(636,853)
Income tax expense	(3,841,408)	(1,994,617)	–	–
Profit/(loss) for the financial year	19,330,842	10,042,029	146,935	(636,853)
Profit/(loss) for the financial year allocated to non-controlling interests	9,472,113	4,920,594	71,998	(312,058)
Currency translation differences	918	(869)	–	(59)
Total comprehensive income/(loss) allocated to non-controlling interests	9,473,031	4,919,725	71,998	(312,117)
Dividends paid to non-controlling interests	3,920,000	1,000,035	–	–

Summarised cash flows

	Asian Sealand Offshore and Marine Pte. Ltd. and its Subsidiary Corporations		International Offshore Equipments Pte. Ltd. and Its Subsidiary Corporation	
	2024	2023	2024	2023
	$	$	$	$
Net cash provided by/(used in) operating activities	19,990,521	3,007,878	(24,904)	603,291
Net cash used in investing activities	(243,675)	(200,963)	(29,010)	(666)
Net cash used in financing activities	(8,632,798)	(2,405,410)	–	(452,705)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

16. INVESTMENT PROPERTIES

	Group	
	2024	2023
	$	$
Cost		
Beginning of financial year	–	–
Reclassified from property, plant and equipment (Note 17)	1,718,054	–
End of financial year	1,718,054	–
Accumulated depreciation		
Beginning of financial year	–	–
Depreciation charge (Note 5)	164,503	–
End of financial year	164,503	–
Net carrying value		
End of financial year	1,553,551	–

The following amounts are recognised in profit and loss:

	Group	
	2024	2023
	$	$
Rental income	1,328,630	–
Direct operating expenses	(247,201)	–

At the reporting date, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
Jl. Pattimura, RT.01/RW.04, Kamp. Panau, Batam, Indonesia	Land, building and yard	30-year lease from 19 April 2007

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

16. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques used to derive Level 2 fair values

As at 31 December 2024, the fair value of Group's investment properties is $18,770,000.

Level 2 fair values of the Group's properties were derived using the direct comparison approach. Sales prices of comparable properties in close proximity were adjusted for differences in key attributes such as property size and location. The most significant input into this valuation approach is the selling price per square metre.

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 December 2024, the fair values of the properties have been determined by KJPP Toto Suharto & Rekan.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuation experts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Furniture, fittings and equipment	Forklifts, machinery, tools and equipment	Leasehold improvement and renovation	Leasehold building	Leasehold land	Yard development	Construction in-progress	Vessels	Drydocking	Total
	$	$	$	$	$	$	$	$	$	$	$
Group											
2024											
Cost											
Beginning of financial year	1,568,606	1,523,773	14,489,632	577,852	9,530,079	886,827	12,049,017	200,251	11,187,875	22,541	52,036,453
Additions	393,947	74,413	430,988	39,043	505,114	–	–	332,045	–	–	1,775,550
Transfer of asset	(3)	(660)	71,232	688	1	3	46,963	(118,194)	(28)	(2)	–
Reclassified to disposal group (Note 14)	–	–	–	–	–	–	(647,977)	–	–	–	(647,977)
Disposals	–	(722,131)	(396,471)	–	(2,006)	–	(129,714)	–	–	–	(1,250,322)
Written–off	(14,895)	(286,955)	(1,238,693)	(188,531)	–	–	–	–	–	–	(1,729,074)
Lease termination (Note 18(h))	–	–	–	–	(483,047)	–	–	–	–	–	(483,047)
Transfer to inventories	–	–	–	–	–	–	–	(144,247)	–	–	(144,247)
Transfer to investment properties (Note 16)	–	–	–	–	(2,498,523)	(337,219)	(781,941)	–	–	–	(3,617,683)
Currency translation differences	(2,420)	(5,060)	(37,838)	(877)	–	–	(171,163)	(2,549)	–	–	(219,907)
End of financial year	1,945,235	583,380	13,318,850	428,175	7,051,618	549,611	10,365,185	267,306	11,187,847	22,539	45,719,746
Accumulated depreciation and impairment losses											
Beginning of financial year	720,964	1,383,565	13,390,272	377,684	5,004,863	442,677	6,908,400	–	9,944,092	22,539	38,195,056
Depreciation charge (Note 5)	214,908	86,786	399,621	76,561	1,338,652	19,932	470,619	–	127,606	–	2,734,685
Reclassified to disposal group (Note 14)	–	–	–	–	–	–	(398,215)	–	–	–	(398,215)
Disposals	–	(721,717)	(386,999)	–	(1,167)	–	(110,293)	–	–	–	(1,220,176)
Written-off	(14,894)	(286,616)	(1,226,148)	(175,458)		–			–	–	(1,703,116)
Lease termination (Noted 18(h))	–	–	–	–	(402,194)	–	–	–	–	–	(402,194)
Transfer to investment properties (Note 16)	–	–	–	–	(1,329,382)	(168,332)	(401,915)	–	–	–	(1,899,629)
Currency translation differences	(1,552)	(5,042)	(35,145)	(877)	–	–	(156,097)	–	–	–	(198,713)
End of financial year	919,426	456,976	12,141,601	277,910	4,610,772	294,277	6,312,499	–	10,071,698	22,539	35,107,698
Net carrying value											
End of financial year	1,025,809	126,404	1,177,249	150,265	2,440,845	255,334	4,052,686	267,306	1,116,149	–	10,612,048

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles	Furniture, fittings and equipment	Forklifts, machinery, tools and equipment	Leasehold improvement and renovation	Leasehold building	Leasehold land	Yard development	Construction in-progress	Vessels	Drydocking	Total
	$	$	$	$	$	$	$	$	$	$	$
Group											
2023											
Cost											
Beginning of financial year	1,765,355	2,284,934	15,642,990	586,795	11,767,262	2,224,933	18,369,949	–	14,781,599	457,459	67,881,276
Additions	336,378	78,704	360,449	–	1,374,939	–	–	200,251	350,000	284	2,701,005
Reclassified to disposal group (Note 14)	–	–	–	–	(3,408,981)	(1,338,106)	(6,098,561)	–	(1,966,751)	(301,556)	(13,113,955)
Disposals	(152,668)	(27,708)	(1,380,678)	–	(23,090)	–	(212,047)	–	(1,976,973)	(133,646)	(3,906,810)
Disposal of subsidiary corporation	–	(9,310)	(4,800)	–	(180,051)	–	–	–	–	–	(194,161)
Written-off	(379,794)	(801,471)	(118,843)	(8,713)	–	–	–	–	–	–	(1,308,821)
Currency translation differences	(665)	(1,376)	(9,486)	(230)	–	–	(10,324)	–	–	–	(22,081)
End of financial year	1,568,606	1,523,773	14,489,632	577,852	9,530,079	886,827	12,049,017	200,251	11,187,875	22,541	52,036,453
Accumulated depreciation and impairment losses											
Beginning of financial year	915,797	2,157,227	14,348,409	301,145	5,635,888	1,053,308	9,574,508	–	11,781,599	447,661	46,215,542
Depreciation charge (Note 5)	183,835	60,627	406,072	79,238	1,371,803	50,367	675,326	–	215,708	1,640	3,044,616
Reclassified to disposal group (Note 14)	–	–	–	–	(1,847,970)	(660,998)	(3,171,392)	–	(1,032,309)	(301,556)	(7,014,225)
Disposals	(318,711)	(27,700)	(914,976)	–	(12,318)	–	(160,695)	–	(1,020,906)	(125,206)	(2,580,512)
Disposal of subsidiary corporation	–	(9,310)	(1,920)	–	(142,540)	–	–	–	–	–	(153,770)
Written-off	(59,293)	(795,895)	(435,554)	(2,469)	–	–	–	–	–	–	(1,293,211)
Currency translation differences	(664)	(1,384)	(11,759)	(230)	–	–	(9,347)	–	–	–	(23,384)
End of financial year	720,964	1,383,565	13,390,272	377,684	5,004,863	442,677	6,908,400	–	9,944,092	22,539	38,195,056
Net carrying value											
End of financial year	847,642	140,208	1,099,360	200,168	4,525,216	444,150	5,140,617	200,251	1,243,783	2	13,841,397

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles	Furniture, fittings and equipment	Leasehold improvement and renovation	Leasehold building	Total
	$	$	$	$	$
Company					
2024					
Cost					
Beginning of financial year	718,094	80,244	157,940	443,527	1,399,805
Additions	237,713	12,991	–	98,761	349,465
Transfer to a subsidiary corporation	–	(1)	–	–	(1)
Written-off	–	(2,899)	–	(213,444)	(216,343)
End of financial year	955,807	90,335	157,940	328,844	1,532,926
Accumulated depreciation					
Beginning of financial year	212,768	31,411	96,037	279,991	620,207
Depreciation charge	126,831	26,465	53,758	156,270	363,324
Written-off	–	(2,898)	–	(213,444)	(216,342)
End of financial year	339,599	54,978	149,795	222,817	767,189
Net carrying value					
End of financial year	616,208	35,357	8,145	106,027	765,737

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles	Furniture, fittings and equipment	Leasehold improvement and renovation	Leasehold building	Total
	$	$	$	$	$
Company					
2023					
Cost					
Beginning of financial year	524,291	717,291	157,940	443,527	1,843,049
Additions	341,694	(25,660)	–	–	316,034
Transfer from a subsidiary corporation	–	1,609	–	–	1,609
Disposals	(89,711)	–	–	–	(89,711)
Written-off	(58,180)	(612,996)	–	–	(671,176)
End of financial year	718,094	80,244	157,940	443,527	1,399,805
Accumulated depreciation					
Beginning of financial year	201,494	629,350	42,259	130,116	1,003,219
Depreciation charge	88,891	15,035	53,778	149,875	307,579
Disposals	(19,437)	–	–	–	(19,437)
Written-off	(58,180)	(612,974)	–	–	(671,154)
End of financial year	212,768	31,411	96,037	279,991	620,207
Net carrying value					
End of financial year	505,326	48,833	61,903	163,536	779,598

(a) *Right-of-use assets*

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 18(a).

(b) *Assets held under leases*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,775,550 (2023: $2,701,005) of which $654,449 (2023: $1,776,472) (Note 22(c)) were acquired under leases and $1,121,101 (2023: $924,533) were paid by cash.

(c) *Assets pledged as security*

The Group's leasehold land, building, yard development and vessels with carrying amounts of $Nil (2023: $1,831,658) are mortgaged to secure the Group's bank borrowings (Note 22(a)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

18. LEASES – THE GROUP AS A LESSEE

The Group leases offices, a warehouse with workers' dormitory, motor vehicles and several equipment. The leases typically run for a period of three to seven years, with an option to renew the specific lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

(a) Carrying amounts

Right-of-use assets classified within property, plant and equipment.

	Group	
	2024	2023
	$	$
Forklifts, machinery, tools and equipment	20,300	31,900
Leasehold building	1,089,907	1,831,656
Motor vehicles	949,296	875,677
	2,059,503	2,739,233

(b) Depreciation charge during the year

	Group	
	2024	2023
	$	$
Forklifts, machinery, tools and equipment	11,600	11,600
Leasehold building	1,166,010	1,009,531
Motor vehicles	188,132	108,509
	1,365,742	1,129,640

(c) Interest expense

	Group	
	2024	2023
	$	$
Interest expense on lease liabilities (Note 8)	117,850	85,758

(d) Lease expense not capitalised in lease liabilities

	Group	
	2024	2023
	$	$
Lease expense – short-term lease	2,366,515	2,883,724
Lease expense – low-value lease	18,631	2,538
Total (Note 5)	2,385,146	2,886,262

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

18. LEASES – THE GROUP AS A LESSEE (CONTINUED)

(e) Total cash outflow for all the leases in 2024 was $3,879,623 (2023: $4,240,702).

(f) Addition of right-of-use assets during the current financial year was $862,427 (2023: $1,776,472).

(g) Future cash outflow which are not capitalised in lease liabilities.

Extension options

The leases for equipment contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

(h) Lease termination

During the financial year, the Group terminated a lease on building. The Group derecognised right-of-use assets and lease liabilities amounting to $80,853 (Note 17) and $83,861 (Note 22(c)), respectively. Gain on lease termination amounting to $3,008 is recognised in "Other gains – net" (Note 7).

19. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

Lease – classified as operating leases

The Group acts as a lessor under arrangements in which it leases out land, building, yard and dormitories to non-related parties for monthly lease payments. The lease periods do not form a major part of the remaining lease terms under the head leases, and accordingly, the leases are classified as operating leases.

Rental income from leasing the land, building and yard recognised during the current financial year was $1,328,630 (2023: $Nil). This is presented as part of 'Other gains – net (Note 7)'.

Maturity analysis of lease payments

The table below discloses the undiscounted lease payments to be received by the Group for its lease after the reporting date:

	Group	
	2024	2023
	$	$
Less than one year	959,771	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Current				
Trade payables				
- Non-related parties	4,433,752	7,086,534	9,264	141,106
	4,433,752	7,086,534	9,264	141,106
Non-trade payables				
- Subsidiary corporations	–	–	9,228,796	16,470,427
- Related party	75,500	335,100	75,500	335,100
- Non-related parties	5,182,579	8,568,681	3,955,243	3,544,793
	5,258,079	8,903,781	13,259,539	20,350,320
Accruals for operating expenses	13,779,882	9,308,237	5,635,961	4,212,554
Accruals for project expenses	8,260,859	5,440,405	–	–
Advances from sale of disposal group	–	1,799,965	–	–
	22,040,741	16,548,607	5,635,961	4,212,554
	31,732,572	32,538,922	18,904,764	24,703,980
Non-current				
Trade payables				
- Non-related parties	951,398	2,093,854	–	–
Non-trade payables				
- Non-related parties	–	22,413	–	–
	951,398	2,116,267	–	–
Total trade and other payables	32,683,970	34,655,189	18,904,764	24,703,980

The non-trade payables due to subsidiary corporations and related party are unsecured, interest-free and are payable on demand except for non-trade payable due to a related party which is payable within a year.

Advances represent down payments on sales of Land and Tugboat as disclosed in Note 14(a) and Note 14(c) respectively.

At 31 December 2024, the fair values of non-current trade payables were computed based on cash flows discounted at market borrowing rates. The fair values are within level 3 of the fair value hierarchy.

At 31 December 2024, the fair value of non-current payables of $903,849 (2023: $1,995,304) is determined from the adjusted future cash flows discounted at the market interest rate of equivalent instruments at the reporting date of 6% (2023: 6%) per annum which the directors expect to be available to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

21. DEFERRED INCOME

	Group	
	2024	2023
	$	$
Rental income	736,595	45,820

Deferred rental represents cash received in advance for rental of workers' dormitory, land, building and yard and are non-refundable.

22. BORROWINGS

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Current				
Bank borrowings	2,526,505	5,586,067	–	2,361,849
Bank overdrafts (Note 11)	–	1,997,092	–	1,997,092
Bills payable	103,383	–	–	–
Bond (Note 23)	–	3,809,329	–	3,809,329
Lease liabilities	1,132,704	1,210,634	197,303	207,677
	3,762,592	12,603,122	197,303	8,375,947
Non-current				
Bank borrowings	930,432	305,085	–	–
Bond (Note 23)	3,042,164	–	3,042,164	–
Lease liabilities	503,800	1,232,377	217,192	257,745
	4,476,396	1,537,462	3,259,356	257,745
Total borrowings	8,238,988	14,140,584	3,456,659	8,633,692

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
6 months or less	3,051,076	11,915,768	127,796	8,281,309
6 – 12 months	711,516	687,354	69,507	94,638
1 – 5 years	4,463,952	1,506,775	3,246,912	230,292
Over 5 years	12,444	30,687	12,444	27,453
	8,238,988	14,140,584	3,456,659	8,633,692

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

22. BORROWINGS (CONTINUED)

(a) *Security granted*

Total borrowings include amounts of $2,672,403 (2023: $3,601,445) and $305,708 (2023: $292,379) for the Group and the Company respectively which are secured over certain assets of the Group.

Bank borrowings of the Group are secured over certain bank deposits (Note 11) and certain trade receivables (Note 12).

The bank overdrafts, bills payable and other short-term bank borrowings are supported by corporate guarantees given by the Company (Note 28(a)).

(b) *Fair value of non-current borrowings*

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Bank borrowings	835,103	292,435	–	–
Bond	2,769,090	–	2,769,090	–

The fair value above is determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group and the Company as follows:

	Group		Company	
	2024	2023	2024	2023
	%	%	%	%
Bank borrowings	6.00	6.00	–	–
Bond	10.00	–	10.00	–

The fair values are within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

22. BORROWINGS (CONTINUED)

(c) *Reconciliation of liabilities arising from financing activities*

				Non-cash changes					
	1 January 2024	Proceeds from borrowings	Principal and interest payments	Addition (Note 17(b))	Lease termination (Note 18(h))	Reclassification to other payable	Interest expense (Note 8)	Foreign exchange movement	31 December 2024
	$	$	$	$	$	$	$	$	$
Bank borrowings	5,891,152	9,135,249	(11,882,060)	–	–	–	312,596	–	3,456,937
Lease liabilities	2,443,011	–	(1,494,477)	654,449	(83,861)	–	117,850	(468)	1,636,504
Bond	3,809,329	3,000,000	(2,975,013)	–	–	(1,096,500)	304,348	–	3,042,164
	12,143,492	12,135,249	(16,351,550)	654,449	(83,861)	(1,096,500)	734,794	(468)	8,135,605

				Non-cash changes			
	1 January 2023	Proceeds from borrowings	Principal and interest payments	Addition (Note 17(b))	Interest expense (Note 8)	Others	31 December 2023
	$	$	$	$	$	$	$
Bank borrowings	11,439,753	13,016,114	(19,519,983)	–	955,268	–	5,891,152
Financial guarantee	2,024,562	–	(2,024,562)	–	–	–	–
Lease liabilities	1,935,221	–	(1,315,276)	1,776,472	85,758	(39,164)	2,443,011
Bond	3,678,829	–	(184,500)	–	315,000	–	3,809,329
	19,078,365	13,016,114	(23,044,321)	1,776,472	1,356,026	(39,164)	12,143,492

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

23. BONDS

The 2024 Bonds have been fully redeemed. The 2027 Bond carries a fixed interest rate of 9% per annum, with a maturity date of 5 November 2027. Interest is payable semi-annually in arrears.

24. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2024	2023
	$	$
Deferred income tax assets	(292,488)	(340,787)
Deferred income tax liabilities	6,630	7,629
Net deferred tax assets	(285,858)	(333,158)

Movement in deferred income tax account is as follows:

	Group	
	2024	2023
	$	$
Beginning of financial year	(333,158)	(668,551)
Tax charged to profit or loss (Note 9)	47,300	335,393
End of financial year	(285,858)	(333,158)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

24. DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) is as follows:

Deferred income tax assets:

	Accelerated tax depreciation	Allowance for impairment	Tax losses	Total
	$	$	$	$
Group				
2024				
Beginning of financial year	(67,381)	(29,360)	(259,104)	(355,845)
Credited/(charged) to profit or loss	(8,647)	(7,020)	58,654	42,987
End of financial year	(76,028)	(36,380)	(200,450)	(312,858)
2023				
Beginning of financial year	(72,050)	(28,760)	(598,091)	(698,901)
(Charged)/credited to profit or loss	4,669	(600)	338,987	343,056
End of financial year	(67,381)	(29,360)	(259,104)	(355,845)

Deferred income tax liabilities:

	Accelerated tax depreciation	
	2024	2023
	$	$
Group		
Beginning of financial year	22,687	30,350
Charged/(credited) to profit or loss	4,313	(7,663)
End of financial year	27,000	22,687

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $23,315,000 (2023: $23,847,000) and $731,000 (2023: $925,000) respectively at the financial year end which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date except for the amount of approximately $3,313,000 (2023: $47,000) relating to an Indonesian company which will expire between 2025 to 2029 (2023: 2024 to 2028).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. SHARE CAPITAL

	Group and Company	
	No. of ordinary shares	Amount $
2024 and 2023		
Beginning and end of financial year	199,210,406	54,124,399

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and a right to dividends as and when declared by the Company.

Warrants

On 20 August 2024, the Company has obtained in-principle approval from Singapore Exchange Trading ("SGX-ST") for bonus warrants issue of 3 warrants for every 10 existing shares at an exercise price of $0.22 for each warrant into a new share. On 4 September 2024, a total of 59,763,110 bonus warrants were issued and listed by the Company. The bonus warrants' exercise period will commence on (and including) the date falling six (6) months from the date of listing of the bonus warrants and will expire at 5.00 p.m. on the date falling 36 months from the Warrants Listing Date, being 3 September 2027 given that 4 September 2027 is not a business day.

Assuming that the bonus warrants are fully exercised and converted into new shares, the issued share capital of the Company would increase to 258,973,527 shares. The gross proceeds arising from the full exercise of such bonus warrants will amount to approximately $13.15 million and be used for general working capital purposes.

26. OTHER RESERVES

(a) Composition:

	Group	
	2024 $	2023 $
Currency translation reserve	(2,015,332)	(1,925,607)
Premium paid on acquisition of non-controlling interests	(21,410)	(26,144)
	(2,036,742)	(1,951,751)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26. OTHER RESERVES (CONTINUED)

(b) *Movements:*

(i) *Currency translation reserve*

	Group	
	2024	2023
	$	$
Currency translation reserve		
Beginning of financial year	(1,925,607)	(1,891,837)
Net currency translation differences of financial statements of foreign subsidiary corporations	(111,677)	(35,547)
Less: Non-controlling interests	21,952	1,777
End of financial year	(2,015,332)	(1,925,607)

Currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(ii) *Premium paid on acquisition of non-controlling interests*

	Group	
	2024	2023
	$	$
Beginning of financial year	(26,144)	(28,816)
Acquisition of additional interest in subsidiary corporation (Note 15)	4,734	2,672
End of financial year	(21,410)	(26,144)

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

27. ACCUMULATED LOSSES

Movement in accumulated losses for the Company is as follows:

	Company	
	2024	2023
	$	$
Beginning of financial year	(51,682,271)	(51,212,769)
Net profit/(loss)	2,943,273	(469,502)
End of financial year	(48,738,998)	(51,682,271)

28. CONTINGENT LIABILITIES

(a) Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of certain subsidiary corporations. These bank borrowings amount to $3,224,288 (2023: $3,120,307) (Note 29(b)). The Company has evaluated the fair values of the corporate guarantees and considered them not material and is of the view that the consequential liabilities derived from its guarantees to the banks with regard to the subsidiary corporations are minimal. The subsidiary corporations for which the guarantees were provided have no history of default in the payment of borrowings and credit facilities.

(b) Financial support

The Company provides financial support to certain subsidiary corporations to enable these subsidiary corporations to operate as going concerns and to meet their liabilities as and when they fall due.

29. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group has established risk management policies and guidelines geared towards mitigating these risks. The Audit Committee and the Board of Directors meet periodically to review and analyse the Group's exposure to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group does not hold or issue derivative financial instruments for hedging purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

The Group adopts a conservative strategy on managing its financial risks, thus, the exposure to market risk is kept at a minimum level. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) Currency risk

The Group mainly operates in South East Asia with dominant operations in Singapore, Indonesia and Europe. Currency risk arises when transactions are denominated in foreign currencies such as Indonesian Rupiah ("IDR") and United States Dollar ("USD"). The Group's exposure to currency translation risk is not considered as significant by management and the risk is primarily managed by natural hedges of matching assets and liabilities denominated in foreign currencies. The Group closely monitors the currency translation risk and will consider hedging significant currency translation exposure should the need arise in future.

The Group's currency exposure based on the information provided to key management is as follows:

At 31 December 2024	SGD $	USD $	IDR $	Others $	Total $
Financial assets					
Cash and cash equivalents	20,112,097	1,436,671	1,329,819	41,482	22,920,069
Trade and other receivables	7,121,263	16,139,734	1,383,450	–	24,644,447
Receivables from subsidiary corporations	33,737,832	–	1,296,832	–	35,034,664
	60,971,192	17,576,405	4,010,101	41,482	82,590,180
Financial liabilities					
Borrowings	(8,226,033)	–	(12,955)	–	(8,238,988)
Trade and other payables	(30,703,471)	(384,030)	(574,878)	(1,021,591)	(32,683,970)
Payables to subsidiary corporations	(33,737,832)	–	(1,296,832)	–	(35,034,664)
	(72,667,336)	(384,030)	(1,884,665)	(1,021,591)	(75,957,622)
Net financial (liabilities)/assets	(11,696,144)	17,192,375	2,125,436	(980,109)	6,641,558
Add: Contract assets	2,532,547	9,388,465	791,281	–	12,712,293
Currency profile including non-financial assets	(9,163,597)	26,580,840	2,916,717	(980,109)	19,353,851
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	1,128,330	17,192,375	(1,004,031)	(1,021,590)	16,295,084

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows: (continued)

At 31 December 2023	SGD $	USD $	IDR $	Others $	Total $
Financial assets					
Cash and cash equivalents	9,335,184	1,193,104	1,623,524	33,902	12,185,714
Trade and other receivables	5,962,266	12,077,115	3,508,290	–	21,547,671
Receivables from subsidiary corporations	50,912,882	39,558	54,275	–	51,006,715
	66,210,332	13,309,777	5,186,089	33,902	84,740,100
Financial liabilities					
Borrowings	(14,114,152)	–	(26,432)	–	(14,140,584)
Trade and other payables	(30,627,709)	(440,436)	(842,972)	(944,107)	(32,855,224)
Payables to subsidiary corporations	(50,912,882)	(39,558)	(54,275)	–	(51,006,715)
	(95,654,743)	(479,994)	(923,679)	(944,107)	(98,002,523)
Net financial (liabilities)/assets	(29,444,411)	12,829,783	4,262,410	(910,205)	(13,262,423)
Add: Contract assets	1,739,065	7,051,750	1,278,867	–	10,069,682
Currency profile including non-financial assets	(27,705,346)	19,881,533	5,541,277	(910,205)	(3,192,741)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	733,228	12,829,783	994,685	(944,106)	13,613,590

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	31 December 2024				31 December 2023			
	SGD	USD	Others	Total	SGD	USD	Others	Total
	$	$	$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	2,369,472	15,149	–	2,384,621	4,575,920	1,220	–	4,577,140
Trade and other receivables	20,000,452	–	–	20,000,452	26,216,329	–	–	26,216,329
	22,369,924	15,149	–	22,385,073	30,792,249	1,220	–	30,793,469
Financial liabilities								
Borrowings	(3,456,659)	–	–	(3,456,659)	(8,633,692)	–	–	(8,633,692)
Trade and other payables	(18,881,962)	(10,905)	(11,897)	(18,904,764)	(24,671,380)	(20,703)	(11,897)	(24,703,980)
	(22,338,621)	(10,905)	(11,897)	(22,361,423)	(33,305,072)	(20,703)	(11,897)	(33,337,672)
Net financial liabilities	31,303	4,244	(11,897)	23,650	(2,512,823)	(19,483)	(11,897)	(2,544,203)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	4,244	(11,897)	(7,653)	–	(19,483)	(11,897)	(31,380)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the non-functional currencies change against the respective functional currencies of the Group's entities by approximately 3% (2023: 2%) with all other variables including tax rate being held constant, the material effect arising from the net financial (liabilities)/assets denominated in foreign currencies are as follows:

	Profit or loss Increase/(decrease)	
	2024	2023
	$	$
USD against SGD		
- Strengthened	451,271	205,910
- Weakened	(451,271)	(205,910)
IDR against SGD		
- Strengthened	26,354	15,964
- Weakened	(26,354)	(15,964)

The Company has no significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risks relates primarily to interest earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to obtain the most favorable interest rates available in the market.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The table below analyses the Group's and the Company's borrowings by different type of financing at fixed rate and floating rate.

	2024 $	2023 $
Group		
31 December		
Fixed rate		
Lease liabilities	1,636,504	2,443,011
Bonds	3,042,164	3,809,329
Bank borrowings	1,305,133	508,638
Floating rate		
Bank borrowings	2,151,804	5,382,514
Bank overdrafts	–	1,997,092
Bills payable	103,383	–
Company		
31 December		
Fixed rate		
Lease liabilities	414,495	465,422
Bonds	3,042,164	3,809,329
Floating rate		
Bank borrowings	–	2,361,849
Bank overdrafts	–	1,997,092

For the floating rate financial assets and liabilities, a change of 100 basis points (bp) in the interest rate at the reporting date would increase/(decrease) the net profit by the amount shown below. This analysis assumes that all variables including tax rate are being held constant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	(Decrease)/increase in net profit			
	Group		Company	
	100 bp Increase $	100 bp Decrease $	100 bp Increase $	100 bp Decrease $
Floating rate instruments				
31 December 2024	(22,552)	22,552	–	–
31 December 2023	(73,796)	73,796	(43,589)	43,589

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis through the application of credit approvals, credit limits and debt monitoring procedures. Where appropriate, the Company and its subsidiary corporations obtain guarantees from the customer or arrange netting agreements. For customers of lower credit standing, the Group would usually enforce to transact in cash terms, advance payments and letters of credit. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Company	
	2024 $	2023 $
Corporate guarantees provided to banks on subsidiary corporations' bank borrowings (Note 28)	3,224,288	3,120,307

The trade receivables of the Group comprise 5 debtors (2023: 3 debtors) that individually represented 6% to 34% (2023: 12% to 35%) of the trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

The credit risk for net trade receivables is as follows:

	Group		Company	
	2024 $	2023 $	2024 $	2023 $
By geographical areas				
- Singapore	8,978,305	5,403,341	894,719	928,714
- Asia	2,969,883	3,056,608	–	–
- Europe	11,099,728	10,699,526	–	–
- Middle East	30,006	164,199	–	–
- Others	819,805	183,355	–	–
	23,897,727	19,507,029	894,719	928,714
By type of customers				
- Non-related parties	23,897,728	19,507,029	–	–
- Subsidiary corporations	–	–	894,719	928,714
	23,897,728	19,507,029	894,719	928,714

(i) Trade receivables and contract assets

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. 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.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 180 days from due date, and considers to write off or provide credit loss allowance when a debtor fails to make contractual payments after more than 365 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2024 are set out in the provision matrix as follows:

	Not past due nor impaired $	Past due 0 to 30 days $	Past due 31 to 180 days $	Past due 181 to 365 days $	More than one year $	Total $
Group						
Infrastructure engineering						
Expected loss rate	0%	0%	0%	0%	20%	
Trade receivables	7,558,320	4,921,338	5,146,255	36,773	513,382	18,176,068
Contract assets	10,505,188	–	–	–	–	10,505,188
Loss allowance	–	–	–	–	(101,366)	(101,366)
Corrosion prevention						
Expected loss rate	0%	1%	1%	18%	78%	
Trade receivables	1,112,973	1,724,858	3,002,585	42,199	22,166	5,904,781
Contract assets	2,207,105	–	–	–	–	2,207,105
Loss allowance	(4,927)	(14,659)	(39,598)	(7,424)	(17,194)	(83,802)
Others						
Expected loss rate	0%	0%	0%	0%	100%	
Trade receivables	2,047	–	–	–	75,519	77,566
Loss allowance	–	–	–	–	(75,519)	(75,519)
Company						
Corporate						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	14,292	5,450	21,800	–	853,177	894,719
Loss allowance	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2023 are set out in the provision matrix as follows:

	Not past due nor impaired $	Past due 0 to 30 days $	Past due 31 to 180 days $	Past due 181 to 365 days $	More than one year $	Total $
Group						
Infrastructure engineering						
Expected loss rate	0%	0%	0%	16%	20%	
Trade receivables	5,963,909	3,262,464	3,733,004	610,025	653,256	14,222,658
Contract assets	8,351,934	-	-	-	-	8,351,934
Loss allowance	-	-	-	(99,693)	(133,390)	(233,083)
Corrosion prevention						
Expected loss rate	0%	0%	1%	30%	96%	
Trade receivables	2,211,359	1,440,174	1,645,550	195,715	256,359	5,749,157
Contract assets	1,717,747	-	-	-	-	1,717,747
Loss allowance	(579)	(288)	(13,101)	(58,905)	(247,232)	(320,105)
Others						
Expected loss rate	0%	0%	0%	0%	65%	
Trade receivables	1,319	869	30,680	14,428	117,236	164,532
Loss allowance	-	-	-	-	(76,130)	(76,130)
Company						
Corporate						
Expected loss rate	0%	0%	100%	17%	44%	
Trade receivables	5,400	5,400	10,800	32,396	1,590,957	1,644,953
Loss allowance	-	-	(10,800)	(5,396)	(700,043)	(716,239)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

Expected credit losses

The movement in credit loss allowance is as follows:

	Trade receivables $	Contract Assets $	Total $
Group			
31 December 2024			
Beginning of financial year	629,318	–	629,318
Allowance made (Note 5)	413,838	–	413,838
Allowance written back (Note 5)	(758,613)	–	(758,613)
Allowance written off	(21,162)	–	(21,162)
Currency translation differences	(2,694)	–	(2,694)
End of the financial year (Note 12)	260,687	–	260,687
31 December 2023			
Beginning of financial year	2,479,475	–	2,479,475
Allowance made (Note 5)	874,169	1,239,882	2,114,051
Allowance written back (Note 5)	(48,068)	–	(48,068)
Deconsolidation of subsidiary corporation	(2,662,288)	(1,239,882)	(3,902,170)
Currency translation differences	(13,970)	–	(13,970)
End of the financial year (Note 12)	629,318	–	629,318

	Trade receivables $
Company	
31 December 2024	
Beginning of financial year	716,239
Allowance written off	(716,239)
End of the financial year (Note 12)	–
31 December 2023	
Beginning of financial year	464,224
Allowance made	252,015
End of the financial year (Note 12)	716,239

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Non-trade receivables

Group

During the current financial year, the Group has recorded an impairment loss of $Nil (2023: $147,194) (Note 8) on the non-trade balances due from third parties as the amounts were considered to be credit impaired. The non-trade balances were written off at the reporting date.

Company

The Company provides for expected credit loss on non-trade receivable balances due from subsidiary corporations based on general approach.

In assessing whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the non-trade receivable balances due from subsidiary corporations as at the reporting date with the risk of default as at the date of initial recognition. The Company considered amongst other factors, the financial position of the subsidiary corporations at the reporting date, the past financial performance and cash flows trends, adjusted for the outlook of the industry and economy in which the subsidiary corporations operate in.

	Lifetime expected credit loss $
31 December 2024	
Beginning of financial year	25,419,983
Allowance made	240,000
Allowance written off	(24,919,983)
End of the financial year (Note 12)	740,000
31 December 2023	
Beginning of financial year	21,165,667
Allowance made	4,255,595
Allowance written off	(1,279)
End of the financial year (Note 12)	25,419,983

The Company uses lifetime expected credit loss for the non-trade receivables balances due from certain subsidiary corporations operating in infrastructure engineering (2023: shipping segment), and determined that the expected credit loss is $240,000 (2023: $4,255,595) after taking into consideration their adverse performance.

Except for the above, the expected credit loss is insignificant for the remaining non-trade receivables balances using 12-month expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Other financial assets

The Group and the Company hold cash and cash equivalents with banks with high credit ratings and are considered to have low credit risk. The cash balances are measured on 12-month expected credit loss and subject to immaterial credit loss.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities (Note 22) to enable the Group to meet its normal operating commitments. The Group's objective is to maintain a balance through the use of bank borrowings, bank overdrafts and lease liabilities. As at reporting date, assets held by the Group and the Company for managing liquidity risks included cash and bank balances as disclosed in Note 11.

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by the Group management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group also manages sufficient funding through short-term bank loans and overdraft facilities.

The table below analyses non-financial derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $	Between 1 to 5 years $	More than 5 years $
Group			
At 31 December 2024			
Trade and other payables	31,732,572	951,398	–
Bank borrowings	2,526,505	1,064,404	–
Bills payable	103,383	–	
Bond	–	3,497,959	
Lease liabilities	1,132,704	549,966	14,876
At 31 December 2023			
Trade and other payables	30,738,957	2,116,267	–
Bank borrowings	5,586,067	312,325	–
Bank overdraft	1,997,092	–	–
Bond	3,809,329	–	–
Lease liabilities	1,210,634	1,272,105	36,716

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year $	Between 1 to 5 years $	More than 5 years $
Company			
At 31 December 2024			
Trade and other payables	18,904,764	–	–
Lease liabilities	197,303	239,513	14,876
Bond	–	3,497,959	–
Financial guarantee contracts	3,224,288	–	–
At 31 December 2023			
Trade and other payables	24,703,980	–	–
Bank borrowings	2,361,849	–	–
Bank overdrafts	1,997,092	–	–
Bond	3,809,329	–	–
Lease liabilities	207,677	265,759	32,804
Financial guarantee contracts	3,120,307	–	–

(d) Capital risk

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debt, which includes lease liabilities and interest bearing loans, and equity attributable to equity holders of the parent, comprising issued capital and accumulated losses.

The Board of Directors reviews the capital structure periodically. As part of the review, the Management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Management, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

Other than those disclosed in the financial statements, the Company is not exposed to any externally imposed capital requirements for the financial years ended 31 December 2024 and 2023.

The Group's overall strategy remains unchanged from 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(e) *Financial instruments by category*

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Financial assets, at amortised cost	47,564,516	33,733,385	22,375,058	30,793,469
Financial liabilities, at amortised cost	40,922,958	46,995,808	22,361,423	33,337,672

(f) *Fair value measurement*

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The fair values of non-current financial liabilities carried at amortised cost can be found in Notes 20 and 22(b).

30. RELATED PARTY TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	2024	2023
	$	$
Loan from a related party	–	300,000
Repayment of loan to a related party	259,600	244,900
Purchase of materials and/or services from related parties	11,835	5,320

Related parties comprise of loan from a key management personnel and companies controlled by the Group's key management personnel.

Outstanding balances at 31 December 2024, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 12 and 20 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

	Group	
	2024	2023
	$	$
Wages and salaries	6,139,756	3,754,518
Employer's contribution to defined contribution plans, including Central Provident Fund	186,572	178,734
Other short-term benefits	35,954	30,699
Directors' fee	164,000	143,200
	6,526,282	4,107,151
Directors of the Company	2,131,422	1,270,706
Directors of the subsidiary corporations	1,370,839	1,098,753
Executive officers of the Group	3,024,021	1,737,692
	6,526,282	4,107,151

Outstanding balance at 31 December 2024 pertaining to key management personnel compensation amounted to $4,712,844 (2023: $2,797,865) and is disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

31. SEGMENT INFORMATION

The Executive Committee ("Exco") is the Group's chief operating decision maker. The Exco comprises the Chief Executive Officer and the heads of each business within each primary geographic segment. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decisions, allocate resources and assess performance.

The Exco considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas namely, Singapore, Indonesia and Europe.

Business segments

For management purposes, the Group organised their business units into four reportable operating segments as follows:

(a) Infrastructure engineering

This relates to provision of a wide range of engineering services including repairs and maintenance of floating production platforms, onshore and offshore marine fabrications; and the production and supply of customised pedestal cranes and deck equipment.

(b) Corrosion prevention

This relates to the provision of comprehensive corrosion protection services such as surface preparation and application of protective coatings as part of the marine and offshore energy sectors.

(c) Corporate services

This relates to corporate administration and treasury related functions at Group level.

(d) Others

This relates to other non-core activities comprising vessel owning and freighting services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

31. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board of Directors for the reportable segments is as follows:

	Infrastructure engineering $	Corrosion prevention $	Corporate services $	Others $	Total for continuing operations $
2024					
Total segment sales	91,633,316	21,609,865	–	12,915	113,256,096
Inter-segment sales	(203,547)	(1,169,663)	–	–	(1,373,210)
Sales to external customers	91,429,769	20,440,202	–	12,915	111,882,886
Results:					
Segment results	29,713,870	3,272,518	(6,611,144)	(177,766)	26,197,478
Interest expense	(184,239)	(387,613)	(374,835)	–	(946,687)
Interest income	121,751	15,131	12,251	146	149,279
Profit/(loss) from operating segment	29,651,382	2,900,036	(6,973,728)	(177,620)	25,400,070
Income tax expense					(4,210,045)
Net profit					21,190,025
Profit attributable to non-controlling interests					9,651,590
					11,538,435
Net profit includes:					
- Depreciation of investment properties	164,503	–	–	–	164,503
- Depreciation of property, plant and equipment	1,096,767	1,146,988	363,324	127,606	2,734,685

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

31. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board of Directors for the reportable segments is as follows: (continued)

	Infrastructure engineering	Corrosion prevention	Corporate services	Others	Total for continuing operations
	$	$	$	$	$
2023					
Total segment sales	57,435,454	24,177,220	-	82,559	81,695,233
Inter-segment sales	(409,778)	(2,090,624)	-	(32,808)	(2,533,210)
Sales to external customers	57,025,676	22,086,596	-	49,751	79,162,023
Results:					
Segment results	15,765,894	2,080,325	(4,316,752)	(915,564)	12,613,903
Interest expense	(308,773)	(480,464)	(1,015,032)	-	(1,804,269)
Interest income	2,023	6,231	-	151	8,405
Profit/(loss) from operating segment	15,459,144	1,606,092	(5,331,784)	(915,413)	10,818,039
Income tax expense					(2,900,680)
Net profit					7,917,359
Profit attributable to non-controlling interests					4,493,093
					3,424,266
Net profit includes:					
- Depreciation of property, plant and equipment	1,468,389	1,051,299	307,579	217,349	3,044,616
- Credit loss allowance for non-trade receivables	100,000	-	47,194	-	147,194
- Credit loss allowance for contract assets	881,868	-	-	358,014	1,239,882

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

31. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board of Directors for the reportable segments is as follows: (continued)

	Infrastructure engineering $	Corrosion prevention $	Corporate services $	Others $	Total for continuing operations $
2024					
Segment assets	55,542,205	14,166,305	3,204,573	1,199,250	74,112,333
Segment assets include: -					
Additions to: Property, plant and equipment	915,575	510,510	-	349,465	1,775,550
Segment liabilities	(17,712,615)	(14,757,242)	(13,129,235)	(41,497)	(45,640,589)
2023					
Segment assets	41,583,848	13,429,585	5,714,118	2,272,987	63,000,538
Segment assets include: -					
Additions to: Property, plant and equipment	320,678	1,714,009	316,034	350,284	2,701,005
Segment liabilities	(15,373,378)	(18,110,299)	(16,867,246)	(798,020)	(51,148,943)

(a) Reconciliations

(i) Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, management monitors the property, plant and equipment, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments.

(ii) Segment liabilities

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

31. SEGMENT INFORMATION (CONTINUED)

(b) *Geographical information*

The Group's four business segments operate in seven main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the infrastructure engineering, the corrosion prevention and corporate service;
- Asia – the operations in this area relate to all the reportable segments in Indonesia, Malaysia and China;
- Europe – the operations in this area relate to infrastructure engineering segments in Norway, Switzerland and United Kingdom;
- Middle East – the operations in this area relate to infrastructure engineering segments in United Arab Emirates and Saudi Arabia;
- South America – the operations in this area relate to infrastructure engineering segments in Guyana;
- Africa – the operations in this area relate to infrastructure engineering segments in Ghana; and
- Other countries – the operations include the infrastructure engineering in Marshal Island and others.

Revenue from the external customers of the Group was derived based on the country of origin of the customers. Non-current assets (other than intangible assets and deferred income tax assets) of the Group were derived based on the operating location of the assets.

	Revenue	
	2024	2023
	$	$
Singapore	36,450,345	31,804,650
Asia	11,419,796	12,167,623
Europe	61,581,871	33,727,771
Middle East	44,327	1,291,749
South America	1,753,057	–
Africa	600,285	–
Others	33,205	170,230
	111,882,886	79,162,023

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

31. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information (continued)

	Non-current assets	
	2024	**2023**
	$	**$**
Singapore	2,203,093	3,054,815
Asia	8,408,955	10,786,582
Indonesia	1,553,551	–
	12,165,599	13,841,397

(c) Revenue from major services and customers

Revenue from external customers is derived from all reportable segments as disclosed in Note 4.

Revenue from 4 (2023: 2) major customers amounted to $85,200,980 (2023: $55,395,143), arising from sales by both the infrastructure engineering and corrosion prevention segments.

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2025 and which the Group has not early adopted.

Amendments to SFRS(I) 1-21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

SFRS(I) 1-21 is amended to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, SFRS(I) 1-21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

Amendments to SFRS(I) 9 and SFRS(I) 7 - Amendments to the Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2026)

SFRS(I) 9 and SFRS(I) 7 are amended to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets);
- and update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

SFRS(I) 18 - Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027)

SFRS(I) 18 replaces SFRS(I) 1-1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance (comprising of the statement of profit or loss and other comprehensive income) and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of SFRS(I) 18 will have no impact on the group'snet profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:

    - Foreign exchange differences currently aggregated in the line item 'other gains – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

    - SFRS(I) 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.

- The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

    - management-defined performance measures;

    - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and

    - for the first annual period of application of SFRS(I) 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying SFRS(I) 18 and the amounts previously presented applying SFRS(I) 1-1.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

SFRS(I) 18 - Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027) (continued)

- From a statement of cash flow perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with SFRS(I) 18.

SFRS(I) 19 – Subsidiary Corporations without Public Accountability: Disclosures (effective for annual reporting periods beginning on or after 1 January 2027)

SFRS(I) 19 allows for certain eligible subsidiaries of parent entities that report under SFRS(I) Accounting Standards to apply reduced disclosure requirements. This new standard works alongside other SFRS(I). An eligible subsidiary corporation applies the requirements in other SFRS(I) except for the disclosure requirements; and it applies instead the reduced disclosure requirements in SFRS(I) 19.

SFRS(I) 19 is a voluntary standard for eligible subsidiaries. A subsidiary corporation is eligible if:

- it does not have public accountability; and

- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with SFRS(I) Accounting Standards.

The Group does not expect this standard to have an impact on its operations or financial statements.

33. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Beng Kuang Marine Limited on 18 March 2025.

SUSTAINABILITY STATEMENT

for Beng Kuang Marine 2024:

The Group recognizes that sustainability is now a fundamental principle that guides future business practices and decisions as it shapes our future. We will strive to deliver value to our shareholders while contributing positively to the environment, society, and economy in which we operate.

As such, the Group will be publishing its standalone FY2024 Sustainability Report (the “SR”) by 31 May 2025, disclosing the sustainability practices and performance of the Group from 1 January 2024 to 31 December 2024. The SR will be prepared in accordance with the Global Reporting Initiative (“GRI”) Standards alongside the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The report will comply with the SGX-ST Listing Rules (711A and 711B). The SR will be publicly available through the Group’s corporate website as well as SGXNET.

Through our SR for FY2024, we hope to detail the Group’s efforts in demonstrating our commitment to transform the Group into a more sustainable and environmentally friendly organization. Integrating Environmental, Social, and Governance (ESG) principles into everything we do, we will commit to foster positive relationships with our stakeholders and environment in the various aspects below.

ANTI-CORRUPTION:

The Group upholds a zero-tolerance policy towards corruption in all its forms. We are committed to conducting our business with the highest standards of integrity, honesty, and transparency. Our anti-corruption measures include robust internal controls, comprehensive training programs for employees, and regular assessments to detect and prevent corrupt practices. We adhere to applicable anti-corruption laws and regulations globally, ensuring that our interactions with government officials, customers, suppliers, and other stakeholders are conducted ethically and in compliance with legal requirements.

ENERGY:

We recognize the importance of energy efficiency to mitigate climate change and promote sustainable development. The Group strives to optimize our energy use across our operations by implementing energy-saving technologies, upgrading equipment, and promoting energy conservation practices among our employees. We will also look to invest in renewable energy sources such as solar and wind power to reduce our carbon footprint and transition towards a low-carbon future.

EMISSIONS:

Reducing greenhouse gas emissions is a priority for the Group. Over in 2024 we have begun to track and monitor our emissions across our Singapore operations, setting ambitious targets to reduce our carbon footprint. As we expand our monitoring systems and bring in initiatives such as energy efficiency improvements, transitioning to cleaner fuels, and implementing emissions reduction technologies, we aim to minimize our contribution to global warming and contribute to the transition to a low-carbon economy.

WASTE:

We recognize the importance of responsible waste management in preserving natural resources and minimizing environmental impacts. The Group aims to continue current good practices in disposing of hazardous waste with verified waste collectors to prevent any harmful pollution of the environment. We will also look to factor in more ways to prioritize waste reduction, recycling, and reuse initiatives across our operations to minimise our waste production as an organisation.

SUSTAINABILITY STATEMENT

for Beng Kuang Marine 2024:

EMPLOYMENT:

We are committed to providing our employees with a safe, inclusive, and fulfilling work environment. The Group will strive to prioritize employee well-being, offering competitive wages, benefits, and opportunities for professional development and advancement. We promote diversity and inclusion, ensuring equal opportunities for all employees regardless of race, gender, age, or background. Through regular engagement and communication, we foster a culture of respect, collaboration, and empowerment among our workforce.

WATER AND EFFLUENTS:

We recognize the importance of responsible water management in safeguarding this precious resource for future generations. We educate our employees to be water-savvy and look towards implementing water conservation measures to minimize our water consumption and reduce our impact on local water sources.

OCCUPATIONAL HEALTH AND SAFETY:

The health and safety of our employees are paramount in our Group. We are committed to providing a safe and healthy work environment, free from hazards and risks. We implement robust occupational health and safety management systems, conducting regular risk assessments, providing comprehensive training, and empowering employees to report safety concerns. We strive for continuous improvement in our health and safety performance, aiming to prevent workplace injuries and illnesses and promote a culture of safety awareness and responsibility among our workforce.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2025

Issued and fully paid-up capital	:	S$54,826,002
Number of shares issued	:	199,213,406
Number of treasury shares and subsidiary holdings held	:	NIL
Class of shares	:	ORDINARY SHARES
Voting rights	:	ONE VOTE PER SHARE

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 12 March 2025, 62.78% of the issued ordinary shares of the company is held by the public and therefore Rule 723 is complied with.

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	79	4.38	3,815	0.00
100 - 1,000	102	5.65	60,400	0.03
1,001 - 10,000	804	44.54	4,090,300	2.05
10,001 - 1,000,000	794	43.99	54,243,450	27.23
1,000,001 and above	26	1.44	140,815,441	70.69
TOTAL	1,805	100.00	199,213,406	100.00

STATISTICS OF SHAREHOLDINGS

As at 12 March 2025

TOP 20 SHAREHOLDERS

As at 12 March 2025

	Name of Shareholders	No. of Shares	% of Shares
1	CHAN KWAN BIAN	27,305,575	13.71
2	DBS NOMINEES PTE LTD	15,782,750	7.92
3	RAFFLES NOMINEES (PTE) LIMITED	12,556,209	6.30
4	CHUA BENG KUANG	9,066,875	4.55
5	OCBC SECURITIES PRIVATE LTD	9,007,750	4.52
6	MAYBANK SECURITIES PTE. LTD.	8,980,631	4.51
7	CHUA MENG HUA	8,829,875	4.43
8	CHUA BENG YONG	8,729,875	4.38
9	CHUA BENG HOCK	8,319,875	4.18
10	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	3,822,526	1.92
11	PHILLIP SECURITIES PTE LTD	3,448,350	1.73
12	TIGER BROKERS (SINGAPORE) PTE. LTD.	2,668,500	1.34
13	LIM CHYE HAI (LIN CAIHAI)	2,370,000	1.19
14	IFAST FINANCIAL PTE LTD	2,117,100	1.06
15	ABN AMRO CLEARING BANK N.V.	1,988,200	1.00
16	CITIBANK NOMINEES SINGAPORE PTE LTD	1,958,400	0.98
17	WONG POH CHUEN OR KOH CHOH SHIN (XU ZUOXIN)	1,700,000	0.85
18	UOB KAY HIAN PTE LTD	1,577,000	0.79
19	TJONG TJU PHIN	1,500,000	0.75
20	TAN YANG HONG	1,468,200	0.74
		133,197,691	66.86

SUBSTANTIAL SHAREHOLDERS

	No. of Shares		
Name of Shareholders	Direct Interest	Deemed Interest	%
CHAN KWAN BIAN	27,305,575	–	13.71

STATISTICS OF WARRANT HOLDINGS

As at 12 March 2025

ANALYSIS OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
1 - 99	109	6.83	3,128	0.01
100 - 1,000	344	21.54	195,467	0.33
1,001 - 10,000	856	53.60	2,945,747	4.93
10,001 - 1,000,000	277	17.34	22,998,533	38.48
1,000,001 and above	11	0.69	33,617,235	56.25
TOTAL	1,597	100.00	59,760,110	100.00

TOP 20 WARRANT HOLDERS

As at 12 March 2025

	Name of Warrant Holders	No. of Warrants	% of Warrants
1	CHAN KWAN BIAN	8,191,672	13.71
2	DBS NOMINEES PTE LTD	4,931,085	8.25
3	MAYBANK SECURITIES PTE. LTD.	4,392,595	7.35
4	CHUA BENG KUANG	2,720,062	4.55
5	CHUA MENG HUA	2,648,962	4.43
6	CHUA BENG YONG	2,618,962	4.38
7	CHUA BENG HOCK	2,495,962	4.18
8	PHILLIP SECURITIES PTE LTD	1,601,435	2.68
9	GOR SAY HEONG	1,550,000	2.59
10	ENG KOON HOCK	1,455,000	2.44
11	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,011,500	1.69
12	RAFFLES NOMINEES (PTE) LIMITED	992,912	1.66
13	KOH CHOH MEIN (XU ZUOMIN)	800,000	1.34
14	CHAN CHOR KAI	750,000	1.26
15	TAY GEK CHOO	750,000	1.26
16	TAN YANG HONG	726,000	1.21
17	LIM CHYE HAI (LIN CAIHAI)	630,000	1.05
18	AMELIA SIH MIATY SIM	600,000	1.00
19	WONG POH CHUEN OR KOH CHOH SHIN (XU ZUOXIN)	600,000	1.00
20	TOK CHONG LIM	550,000	0.92
		40,016,147	66.96

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of BENG KUANG MARINE LIMITED (the "**Company**", and together with its subsidiaries, the "**Group**") will be held at 2 Venture Drive #09-22, Vision Exchange, Singapore 608526 on Monday, 21 April 2025 at 3.00 p.m. for the purposes of transacting the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2024 ("**FY2024**") together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare and approve the payment of a first and final tax exempt (one-tier) dividend of S$0.006 per ordinary share in respect of FY2024. **(Resolution 2)**

3. To re-elect Mr. Chua Meng Hua, a Director retiring pursuant to Regulation 115 of the Company's Constitution. **(Resolution 3)**

   [See Explanatory Note 1]

4. To re-elect Mr. Low Wee Siong, a Director retiring pursuant to Regulation 115 of the Company's Constitution. **(Resolution 4)**

   [See Explanatory Note 2]

5. To approve the payment of Directors' fees of S$164,000 (FY2023: S$143,200) for the financial year ended 31 December 2024. **(Resolution 5)**

6. To re-appoint Messrs CLA Global TS Public Accounting Corporation as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may be properly transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution which will be proposed as Ordinary Resolutions, with or without amendments:

8. **Authority to allot and issue shares** **(Resolution 7)**

"That pursuant to Section 161 of the Companies Act 1967, and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to allot and issue shares or convertible securities from time to time (whether by way of rights, bonus or otherwise) and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities issued pursuant to such authority shall not exceed 50 per centum (50%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed 20 per centum (20%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company (the percentage of issued share capital being based on the issued share capital (excluding treasury shares and subsidiary holdings) at the time such authority is given after adjusting for (i) new shares arising from the conversion or exercise of convertible securities which were issued and outstanding or subsisting at the time this Resolution is passed or (ii) new shares arising from the exercise of share options or vesting of awards which were issued and outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST and (iii) any subsequent consolidation or subdivision of shares) and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or on the date by which the next AGM is required by law to be held, whichever is the earlier."

[See Explanatory note 3]

9. **Authority to issue Shares under Employee Share Option Scheme ("ESOS")** **(Resolution 8)**

"That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options under the ESOS and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted by the Company under the ESOS, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of Shares to be allotted and issued pursuant to the ESOS, the PSP (as defined below) and such other share-based incentive scheme collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory note 4]

NOTICE OF ANNUAL GENERAL MEETING

10. **Authority to issue Shares under the Performance Share Plan ("PSP")** **(Resolution 9)**

"That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards pursuant to the PSP and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of awards under the PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the ESOS, the PSP and such other share-based incentive scheme collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory note 5]

11. **Renewal of Share Buyback Mandate** **(Resolution 10)**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Maximum Buyback Shares (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases (each a "**Market Purchase**"), transacted on the Singapore Exchange Securities Trading Limited ("**SGX- ST**") or any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the conclusion of the next AGM of the Company following the passing of this Resolution or the date by which such AGM is required by law to be held;

(ii) the date on which the purchase or acquisition of Shares have been carried out to the full extent of the Share Buyback Mandate; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

(c) In this Resolution:

"**Maximum Buyback Shares**" means the number of Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, unless the Company has reduced its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined hereinafter), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings held by the Company);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the date on which the earliest of the date the next AGM of the Company is held or is required by law to be held, or it is varied or revoked by the Company in general meeting (if so varied or revoked to the next AGM), or the date on which purchases and acquisitions of Shares pursuant to Share Buyback Mandate are carried out to the full extent mandated, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"**day of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory note 6]

By Order of the Board

Shirley Tan Sey Liy
Company Secretary

Singapore
4 April 2025

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr. Chua Meng Hua will, if re-elected as Director of the Company, continue to serve as the Executive Director of the Company. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

2. Mr. Low Wee Siong will, upon re-elected as Director of the Company, continue to serve as Lead Independent Director of the Company, Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating Committee. Further information on Mr. Low Wee Siong can be found in the Annual Report 2024. Mr. Low Wee Siong is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 41 to 44 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

3. The proposed Ordinary Resolution 7, if passed, will authorise the Directors of the Company, effective until the conclusion of the next AGM of the Company, the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to issue shares up to 50% of the Company's issued share capital (excluding treasury shares and subsidiary holdings), with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

4. The proposed Ordinary Resolution 8, if passed, will authorise the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of options granted or to be granted under the ESOS and such other share based incentive scheme or share plan up to a number not exceeding in aggregate, 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

5. The proposed Ordinary Resolution 9, if passed, will authorise the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of options granted or to be granted under the PSP and such other share based incentive scheme or share plan up to a number not exceeding in aggregate, 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

6. The proposed Ordinary Resolution 10, if passed, will authorise the Directors of the Company to purchase or otherwise acquire the Maximum Buyback Shares at such price(s) as may be determined by the Directors from time to time up to the Maximum Price and will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company following the passing of Ordinary Resolution granting the said authority or date by which such AGM is required to be held (whereupon it will lapse, unless renewed at such meeting), or it is varied or revoked by the Company in general meeting (if so varied or revoked to the next AGM), or the date on which purchases and acquisitions of Shares pursuant to Share Buyback Mandate are carried out to the full extent mandated, whichever is the earliest. Please refer to Appendix for more details.

Notes:

(1) The AGM will be held, in a wholly physical format, at 2 Venture Drive #09-22, Vision Exchange, Singapore 608526 on Monday, 21 April 2025 at 3.00 p.m. **There will be no option for Shareholders to participate virtually.** *The Notice of AGM and Annual Report will be sent to shareholders by electronic means via publication on the Company's corporate website at the URL: https://www.bkmgroup.com.sg/ and SGXNet at the URL: https://www.sgx.com/securities/company-announcements. Printed copies of this Notice of AGM, Proxy Form for this AGM and Request Form for printed copy of Annual Report will also be sent by post to shareholders. Shareholders who wish to request for printed copies of the Annual Report will need to complete and return the Request Form, by sending it back to the Company no later than 10 April 2025. Please refer to the Request Form for printed copy of Annual Report for further information.*

(2) **Submission of Questions in Advance of the AGM**

(a) All Shareholders may submit substantial and relevant questions relating to the business of the AGM up till 11 April 2025 at 3.00 p.m. either:

(i) via post to Company's registered office at 2 Venture Drive #14-15, Vision Exchange, Singapore 608526; or

(ii) via electronic mail to william@bkmgroup.com.sg.

Shareholders who submit questions in advance of the AGM should provide their full name, address, contact number, email and the manner in which they hold Shares (if you hold Shares directly, please provide your account number with The Central Depository (Pte) Limited ("**CDP**"); otherwise, please state if you hold your Shares through the Central Provident Fund ("**CPF**"), Supplementary Retirement Scheme ("**SRS**") or other Relevant Intermediary, for our verification purposes.

(b) The Company will endeavour to address all substantial and relevant questions:

(i) (if received by the deadline set out in section 2(a) above) before the AGM, and in any case by 15 April 2025 (being more than 48 hours prior to the closing date and time for the lodgement of the Proxy Forms), via an announcement on SGXNet and the Company's website; or

(ii) (if received by the deadline set out in section 2(a) above) during the AGM.

(c) The Company will also, within one (1) month after the date of the AGM, publish the minutes of the AGM on SGXNet and the Company's website, and the minutes will include the responses to the questions referred to above.

NOTICE OF ANNUAL GENERAL MEETING

(3) **Voting**

Shareholders who wish to exercise their voting rights at the AGM may:

(a) (where the Shareholder is an individual) attend and vote at the AGM; or

(b) (where the Shareholder is an individual or a corporate) appoint a proxy to vote on their behalf.

Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

Shareholders (including Relevant Intermediaries) who wish to vote on any or all of the resolutions at the AGM via proxy must submit a form of proxy to appoint the proxy ("**Proxy Form**"). The Proxy Form must be submitted to the Company in the following manner:

(a) if submitted by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited registered office at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

(b) if submitted electronically, be submitted via email to main@zicoholdings.com,

in either case **by no later than 3.00 p.m. on 18 April 2025, being 72 hours before the time appointed for the AGM**.

The accompanying Proxy Form for the AGM may be accessed via the Company's corporate website at the following URL: http://www.bkmgroup.com.sg, and will also be made available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory. A proxy need not be a member of the Company.

In the case of submission of the Proxy Form appointing the Chairman of the AGM as proxy, it must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

An investor who holds shares through CPF or SRS and wishes to vote, should approach their respective CPF Agent Banks (i.e. the agent banks approved by CPF) or SRS Operators (i.e. the agent banks included in the SRS) to submit their votes to appoint the Chairman of the AGM as their proxy, at least 7 working days before the AGM (i.e. 9 April 2025).

The name of a Depositor (as defined under Section 81SF of the Securities and Futures Act 2001 of Singapore) must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies). In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.

(4) **Voting Results**

An independent scrutineer will be appointed by the Company to direct and supervise the counting and validation of all valid votes cast at the AGM. The voting results will be announced during the AGM and the Company will also issue an announcement on SGXNet on the results of the resolutions put to vote at the AGM.

"**Relevant Intermediary**" has the same meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page is intentionally left blank.

BENG KUANG MARINE LIMITED
(Company Registration No. 199400196M)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. CPF and SRS investors may attend and vote at the AGM in person. CPF and SRS investors who are unable to attend the AGM but would like to vote may approach their respective CPF agent banks and SRS operators at least 7 working days before the AGM to appoint the Chairman of the AGM to act as their proxy and submit their votes, in which case, such CPF and SRS investors shall be precluded from attending the AGM.
2. This Proxy Form is not valid for use by the CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to this Proxy Form. By submitting an instrument appointing proxy(ies) and/or representative(s), a shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 April 2025

I/We*, ______________________________ (Name) ______________________ (NRIC/Passport No./Company Registration No.*)

of ____ (Address)

being a shareholder/shareholders* of **BENG KUANG MARINE LIMITED** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

* and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing which, the Chairman of the Annual General Meeting (the "**AGM**") of the company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held at 2 Venture Drive #09-22, Vision Exchange, Singapore 608526 on Monday, 21 April 2025 at 3:00 p.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, against or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion, as he/she/they* will on any other matter arising at the AGM and at any adjournment thereof. All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Resolutions relating to:	For**	Against**	Abstain**
	ORDINARY BUSINESS			
1	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2024 together with the Independent Auditor's Report thereon.			
2	To approve the payment of a first and final tax exempt (one-tier) dividend of S$0.006 per ordinary share in respect of financial year ended 31 December 2024.			
3	To re-elect Mr. Chua Meng Hua, a Director retiring pursuant to Regulation 115 of the Company's Constitution.			
4	To re-elect Mr. Low Wee Siong, a Director retiring pursuant to Regulation 115 of the Company's Constitution.			
5	To approve the payment of Directors' fees of S$164,000 (FY2023: S$143,200) for the financial year ended 31 December 2024.			
6	To re-appoint Messrs CLA Global TS Public Accounting Corporation as auditors of the Company and to authorise the Directors to fix its remuneration.			
	SPECIAL BUSINESS			
7	Authority to allot and issue shares.			
8	Authority to allot and issue new shares under the Employee Share Option Scheme.			
9	Authority to allot and issue shares under the Performance Share Plan.			
10	Renewal of Share Buyback Mandate.			

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate with a tick (√) within the boxes provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _________ day of____________, 2025

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature or Common Seal of Shareholder(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of ordinary shares in the issued share capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the register of members kept by the Share Registrar ("**Register of Members**"), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Shareholders who wish to exercise their voting rights at the AGM may:

   (a) (where the Shareholder is an individual) attend and vote at the AGM; or

   (b) (where the Shareholder is an individual or a corporate) appoint a proxy to vote on their behalf.

   Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

   Shareholders (including Relevant Intermediaries) who wish to vote on any or all of the resolutions at the AGM via proxy must submit a Proxy Form to appoint the proxy. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited registered office at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

   (b) if submitted electronically, be submitted via email to main@zicoholdings.com,

   in either case **by no later than 3.00 p.m. on 18 April 2025, being 72 hours before the time appointed for the AGM**.

3. A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory. A proxy need not be a member of the Company.

4. In the case of submission of this Proxy Form appointing the Chairman of the AGM as proxy, it must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

5. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

6. An investor who holds shares through CPF or SRS and wishes to vote, should approach their respective CPF Agent Banks (i.e. the agent banks approved by CPF) or SRS Operators (i.e. the agent banks included in the SRS) to submit their votes to appoint the Chairman of the AGM as their proxy, at least 7 working days before the AGM (i.e. 9 April 2025).

7. The name of a Depositor (as defined under Section 81SF of the Securities and Futures Act 2001 of Singapore) must appear on the Depository Register maintained by the The Central Depository (Pte) Limited ("**CDP**") as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

"**Relevant Intermediary**" has the same meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 April 2025.

明 光 集 團
BENG KUANG GROUP

BENG KUANG MARINE LIMITED
COMPANY REG NO.: 199400196M

2 Venture Drive #14-15
Vision Exchange Singapore 608526
Tel : (65) 6266 0010
Fax : (65) 6264 0010
Email : bkm@bkmgroup.com.sg
Website : www.bkmgroup.com.sg