明 光 集 團
BENG KUANG GROUP

Annual Report 2022

NEW HORIZONS

明光集團
BENG KUANG GROUP

NEW HORIZONS

OUR VISION

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

OUR MISSION

We will strategically develop and execute our business profitably, bearing safety and innovations in mind, through total integration of solutions, together with the support from our employees to customers and partners.

CONTENTS

CORPORATE PROFILE

GROWING STRATEGICALLY

Beng Kuang Marine Limited (together with its subsidiaries, the Beng Kuang Group) was founded in 1994 and has been listed on Singapore Exchange since 15 October 2004.

With a multi-pronged business model, Beng Kuang Group continues to strive to be the "Preferred Partner" in providing total solutions for the offshore and marine industries.

Forging ahead with an innovative and operating mindset, the Beng Kuang Group team aims to create new value propositions for our customers and align its business activities towards new market trends and opportunities.

INFRASTRUCTURE ENGINEERING DIVISION ("IE DIVISION")

- 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

Under our IE Division, the Group provides a spectrum of turnkey engineering services from planning and project management to implementation involving procurement, fabrication, testing, installation and pre-commissioning of steel work modules and structures mainly for customers in the marine, offshore energy industries.

The Group has the capabilities to undertake sophisticated and complex engineering and construction projects and our track record include semisubmersible barges, patrol vessel, various types of crane barges, tug boats and cargo barges, etc.

Augmenting our market position in the offshore and marine industry with niche capabilities, the Group's 51%-owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd ("ASOM"), has been one of our key growth drivers. Specialising in asset integrity solutions for operating floating assets such as Floating Production Storage and Offloading vessels and Floating Storage and Offloading vessels, among others, ASOM has established itself as a proficient "one-stop" offshore in-situ turnkey solutions provider, in optimising and extending the life of such operating floating assets.

CORROSION PREVENTION DIVISION ("CP DIVISION")

- Abrasive & Non-Abrasive Blasting
- Paint Application
- Rental of Machineries and Equipment
- Shop Blasting & Painting
- Thermal Spray Coating

Corrosion Prevention is essential in reducing maintaining costs and extending the service life of shipping vessels. Under our CP Division, our strong track record and reputation for reliability have enabled the Group to be appointed as "Resident Contractor" to provide corrosion prevention services in several established shipyards in Singapore and Batam, Indonesia.

Our customers include Keppel Group of companies, and Singapore Technologies Group of companies.

SUPPLY AND DISTRIBUTION DIVISION ("SD DIVISION")

- Personal Protective Equipment
- Blasting Equipment & Accessories
- Welding Equipment & Accessories
- Painting Equipment & Accessories
- Other General Hardware Products

Under our SD Division, the Group supply more than 400 types of products comprising mainly of Personal Protective Equipment & Accessories(PPE), Welding Equipment & Accessories(WEA), Blasting Equipment & Accessories, Painting Equipment & Accessories(PEA), Lifting Appliances, Power Tools and other hardware products under our house brands Master and Pro Master. The Group's SD Division continue to undertake a key role within the Group's business model, serving as our internal procurement arm to support the rest of the Group's business units to manage the operating costs of consumables.

SHIPPING AND OTHER DIVISIONS ("SH DIVISION")

- Tugs & Barges

Under our SH Division, the Group owns two Indonesian flagged tugs and one crane barge.

FINANCIAL HIGHLIGHTS

ATTRIBUTABLE PROFIT / (LOSS) (S$)

(21,829,471)

2022	**(21,829,471)**
2021	(13,226,724)
2020	(15,396,159)

TANGIBLE NET WORTH (S$)

4,975,818

2022	**4,975,818**
2021	18,778,369
2020	32,135,148

BASIC EARNINGS PER SHARE

(IN SINGAPORE CENTS)

(10.96)

2022	**(10.96)**
2021	(8.72)
2020	(11.40)

NAV PER SHARE

(IN SINGAPORE CENTS)

3.08

2022	**3.08**
2021	13.98
2020	27.22

S$		2022	2021	2020
OPERATING RESULTS				
Turnover		59,134,475*	51,313,839*	31,880,618*
Loss before tax		(5,547,965)*	(1,227,380)*	(3,991,949)*
Adjusted EBITDA		2,350,065	(266,459)	(3,292,156)
Attributable loss		(21,829,471)	(13,226,724)	(15,396,159)
FINANCIAL POSITION				
Total assets		57,387,017	79,434,131	93,408,362
Total liabilities		(52,411,199)	(60,591,925)	(61,209,377)
Net debt		(15,478,504)	(18,203,097)	(25,424,322)
Tangible Net Worth		4,975,818	18,778,369	32,135,148
Net Gearing ratio		311%	97%	79%
PER SHARE DATA (IN CENTS)				
Basic Earnings per Share	- Basic	(10.96)	(8.72)	(11.40)
	- Diluted	(10.96)	(8.72)	(11.40)
NAV per Share		3.08	13.98	27.22
SEGMENT RESULTS				
Turnover				
Infrastructure Engineering		38,797,433	29,721,954	16,959,092
Corrosion Prevention		16,900,675	17,128,872	10,673,157
Supply & Distribution		3,358,695	4,008,431	3,830,405
Shipping		77,672	2,172,135	11,204,596
Profit/(loss) from operating segments				
Infrastructure Engineering		4,109,905	438,763	(933,231)
Corrosion Prevention		2,740,389	3,389,157	235,811
Supply & Distribution		(414,847)	(143,538)	151,253
Shipping		(6,217,978)	(16,367,157)	(17,118,668)
Others		(30,170)	(23,449)	(82,745)
Capital Expenditure				
Infrastructure Engineering		384,188	222,878	874,186
Corrosion Prevention		1,527,695	473,841	848,637
Supply & Distribution		818,709	42,100	64,736
Shipping		30,110	877,808	701,861

* from continuing operations

EXECUTIVE CHAIRMAN'S STATEMENT

FOR FY2022, BENG KUANG GROUP'S REVENUE INCREASED 15.2% TO S$59.13 MILLION, ACHIEVING ADJUSTED EBITDA PROFIT OF S$2.35 MILLION WITH NET CASH OF S$7.39 MILLION GENERATED FROM OPERATING ACTIVITIES.

MR. CHUA BENG YONG
Executive Chairman

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 period ended 31 December 2022 ("FY2022").

The tagline of "New Horizons" found at our cover page is a good depiction of our group's refocus on returning to our core as well as embracing new opportunities to rebuild and strengthen our core activities of IE and CP.

Following our strategic review in FY2021, we took decisive steps during FY2022 towards our strategic plans to prioritise costs minimisation and deleveraging initiatives, while focusing on monetising fixed assets and high-potential business segments to create new growth catalysts.

Spearheaded by our CEO, Mr. Yong Jiunn Run, the Group has gained traction in creating a leaner, more agile, asset-light business platform on which to build Beng Kuang Group's future with additional organic growth and an environment for our people to realise their full potential.

For FY2022, Beng Kuang Group's revenue increased 15.2% to S$59.13 million, achieving adjusted EBITDA profit of S$2.35 million with net cash of S$7.39 million generated from operating activities. The Group's IE and CP business divisions were the key revenue contributors in FY2022 with the IE business division posting revenue growth of 30.5% in FY2022, driven by strong performance of our Asian Sealand Offshore and Marine Pte Ltd ("ASOM") business unit and deck equipment business unit.

However, the Group recognised a one-time loss of S$16.64 million from the Group's livestock vessels business activities, which have been classified as Discontinued Operations, that is undergoing a winding-up process. This is a necessary step to eradicate related costs as we progress ahead with a clear strategy to increase revenues and improve cost discipline, which will lead to further deleveraging.

More details of our financial and operating performance in FY2022 can be found in the FINANCIAL and OPERATIONS REVIEW section of this annual report.

UNLOCKING THE VALUE OF OUR "HIDDEN GEMS" IN OUR CORE BUSINESSES

In recent years, the underlying performance of our two core businesses of IE and CP have been the key drivers of the Group's revenue and cashflow generation.

With proven business models and a good base of customers, we aim to strengthen these two core divisions through further expansion along the value chain to deliver more value-added products and solutions to our customers, and to meet with evolving market demands.

Under the IE division, one of the high-growth business segments is the Group's 51%-owned subsidiary, ASOM. Specialising in asset integrity solutions for operating floating assets such as Floating Production Storage and Offloading vessels and Floating Storage and Offloading vessels, among others, ASOM has established itself as a proficient "one-stop" offshore in-situ turnkey solutions provider, leveraging on Sandwich Plate System ("SPS") Technology, in optimising and extending the life of such operating floating assets. Aiming to secure new contracts and build a larger customer base, ASOM has diversified its geographical scope of work from South Africa to South America and China.

As a service-centric business, revenue contribution from ASOM has been growing progressively over the past few years and as at 31 December 2022, ASOM has an order book of S$16.28 million.

In addition, the engineering, design and build deck equipment unit under the IE division also registered increased orders for pedestal cranes in FY2022. To build on this momentum, the engineering, design and build deck equipment unit has been actively targeting new customers in new geographical markets that includes India and Middle Eastern countries.

In total, the IE division (including ASOM) has an order book of S$19.40 million as at 31 December 2022.

To further monetise our fixed assets, we are also evaluating opportunities to extract more value and increase utilisation rate of our 32.8 hectares waterfront fabrication yard in Batam, Indonesia.

For the Group's CP division, Beng Kuang Group has grown to become one of the leading providers of corrosion prevention services in Singapore with our established track record of more than 30 years. Serving a customer base of blue-chip clients in the marine and offshore industry, demand for our services continue to remain healthy in Singapore and Batam yards.

We are setting the stage for an exciting future at Beng Kuang Group and to support our strategy, we will continue to focus on operational excellence, deleveraging, optimising cost and growth acceleration of our core businesses.

The end goal is to build a winning portfolio of profitable, sustainable businesses.

A NOTE OF THANKS AND APPRECIATION

In view of continuing geopolitical risks and inflationary environment, our outlook for the year ahead remains cautious. However, we remain optimistic on long term outlook for our operating markets and we believe that there will be several opportunities for us in the near future.

Overall, our focus is to continue to build profitability and sustainable growth for all our stakeholders as we move forward.

On behalf of the board, I wish to express my heartfelt gratitude to the management team and our employees for their commitment and efforts, particularly during this transformative period.

On this note, I would like to acknowledge my fellow directors for the commitment, guidance and counsel over the past year. Last but not least, I would also like to take this opportunity to thank our shareholders, customers, bankers, suppliers and business partners for their continued support and confidence in Beng Kuang Group.

As we enter a new year, we will work towards building a stronger Beng Kuang Group, and forge ahead as one.

Thank you!

FINANCIAL & OPERATIONS REVIEW

BKM FY2022 FINANCIAL & OPERATIONS REVIEW

The Group's IE and CP divisons were the core revenue contributors in FY2022 with strong organic growth achieved by the Group's IE business division. As one of Singapore's leading corrosion prevention specialists, the CP division continued to see healthy demand from customers in the marine and offshore industry. The Group generated net cash inflow of S$7.39 million from operating activities in FY2022.

In the last quarter of 2022, the Group undertook a decisive action to cease our livestock carrier business after unfortunate incidents that had occurred on both livestock vessels resulted in hefty losses as well as major impairments on the value of both vessels since October 2020. As a result, the Group recognised a one-time loss in FY2022 from the Group's livestock vessels business activities, which have been classified as Discontinued Operations, that is undergoing a creditor winding-up process.

OPERATIONS REVIEW

REVENUE

The Group's revenue increased by 15.2% or S$7.82 million from S$51.31 million in FY2021 to S$59.13 million in FY2022 despite the discontinuation of cattle line business.

Infrastructure Engineering ("IE") Division

Revenue from our IE division grew by 30.6% or S$9.08 million from S$29.72 million in FY2021 to S$38.80 million in FY2022. The main contributor was Asian Sealand Offshore And Marine Pte Ltd ("ASOM") which registered a 25.2% or S$5.43 million increased revenue in FY2022. The engineering, design and building of deck equipment unit under IE Division also registered an increase of order books for supply of pedestal cranes, contributing to an increase in revenue by S$2.66 million in FY2022. The deck equipment unit has been actively developing new markets to include India and Middle Eastern countries. The Group owns a 32.8 hectare waterfront yard in Batam, Indonesia and there are plans to focus on nearshoring our IE's operations to the yard.

Corrosion Prevention ("CP") Division

Revenue from our CP division remain buoyant, down slightly from S$16.90 million in FY2022 as compared to S$17.13 million in FY2021 as the demand for CP services for Singapore and Batam yards continue to gain momentum.

COST OF SALES

The Group's cost of sales for Continuing Operations increased by 18.3% or S$7.20 million at S$46.61 million in FY2022, due to the following: -

- in tandem with the higher revenue.
- higher material costs, labour costs and wages driven by market forces and inflationary pressure.
- one-time indirect overhead costs incurred due to temporary downtime from relocating from Singapore IE operation to our Batam yard.

The Group's depreciation expenses for Continuing Operations decreased by S$0.81 million to S$4.42 million in FY2022 from S$5.23 million in FY2021. It is the Group's strategy to continue to increase the efficiency and/or utilisation rate of our fixed assets and lowering our capital expenditure towards an asset light operating model.

OTHER (LOSSES) / GAINS

The Group incurred other losses of S$2.08 million in FY2022 due to the following: -

- one-off provision for financial guarantee of S$2.02 million arising from corporate guarantee extended to the outstanding bank loans under Cattle Line business.
- one-off credit loss allowances on non-trade receivables of S$1.02 million arising from financial performance guarantee extended by joint venture partners.
- impairment loss on two tug boats and one crane barge amounting to S$0.45 million

ADMINISTRATIVE EXPENSES

Major movements comprise of the following: -

- administrative salary and other personnel related expenses increased by S$0.83 million in FY2022.
- non-recurring consultancy and professional fee.

FINANCE COST

Interest expense on borrowings decreased slightly by 4.5% or S$0.08 million from S$1.78 million in FY2021 to S$1.70 million in FY2022, which is in line with the Group's reduced borrowings. The savings on reduction of principal bank borrowings during the year was negated by the rising interest rate environment. Moving ahead, the Group will be looking to reduce our bank borrowings and strengthen our liquidity position.

ADJUSTED EBITDA

Adjusted EBITDA improved from loss of S$0.27 million in FY2021 to profit of S$2.35 million in FY2022 as our losses were mostly one-off charges and non-cash in nature.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group registered a net loss attributable to shareholders of S$21.83 million in FY2022 as compared to a net loss attributable to shareholders of S$13.23 million in FY2021 was largely due to the following: -

- substantially due to discontinued operations of Cattle Line business of S$16.64 million of which S$10.13 million was due to loss on deconsolidation and S$5.83 million from impairment of the two Cattle Line vessels.
- the relating one-off provision of S$2.02 million on financial guarantee extended to Cattle Line's loan.
- provision for a non-recurring credit loss allowances on non-trade receivables of S$1.02 million.
- write down of the carrying amount of two tugboats and one crane barge based on their recoverable amounts.

CASHFLOW STATEMENT

Net cash inflow generated from operating activities was S$7.39 million in FY2022. This was primarily generated from positive operating cashflow of S$6.33 million as well as positive cash flow of S$3.37 million on changes in working capital.

Net cash outflow used in investing activities was S$0.18 million in FY2022 mainly due to renovation expenses for relocation of office and SD warehouse.

Net cash used in financing activities was S$7.40 million in FY2022. This was mainly due to S$4.04 million net on repayment of loans; S$1.70 million on payment of lease liabilities; and S$1.57 million on profit making subsidiary declaring and issued dividends to non-controlling interests.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of approximately S$0.19 million for FY2022.

ASSETS AND LIABILITIES

Group

Non-current assets

The Group's non-current assets decreased by S$19.06 million to S$22.34 million as at 31 December 2022 was mainly due to: -

- impairment loss on the Cattle Line's vessel assets by S$5.83 million.
- deconsolidation of the Cattle Line business from the Group by S$8.10 million.
- depreciation expenses of S$6.64 million.
- addition to right-of-use assets with a new landlord on the existing workers' dormitory by S$2.18 million as well as new leases on relocation of offices and SD warehouse.

Current assets

The Group's current assets decreased by S$3.00 million to S$35.04 million as at 31 December 2022 mainly due to reduce in trade and other receivables by S$3.59 million.

Current liabilities

The Group's current liabilities decreased by S$5.92 million to S$47.41 million as at 31 December 2022 was mainly due to reduce in trade and other payables by S$4.40 million.

Net current liabilities

The Group's net current liabilities improved by S$2.92 million to S$12.37 million as at 31 December 2022 primarily due to the deconsolidation of Cattle Line business as a result of loss of control.

Non-current liabilities

The Group's non-current liabilities decreased by S$2.26 million to S$5.00 million as at 31 December 2022 was mainly due to:-

- repayment of borrowings by S$1.63 million
- repayment of trade and other payables by S$0.62 million

Company

Non-current assets

The Company's non-current assets decreased by S$0.75 million to S$5.55 million as at 31 December 2022 was mainly due to: -

- depreciation expenses of S$0.78 million.
- impairment loss on its investment in a subsidiary by S$0.40 million.

Current assets

The Company's current assets decreased by S$22.46 million to S$43.09 million as at 31 December 2022 was mainly due to: -

- cash and cash equivalents reduced by S$1.76 million for working capital and loan to subsidiary corporations.
- credit loss allowance on subsidiary corporations by S$21.17 million.

Current liabilities

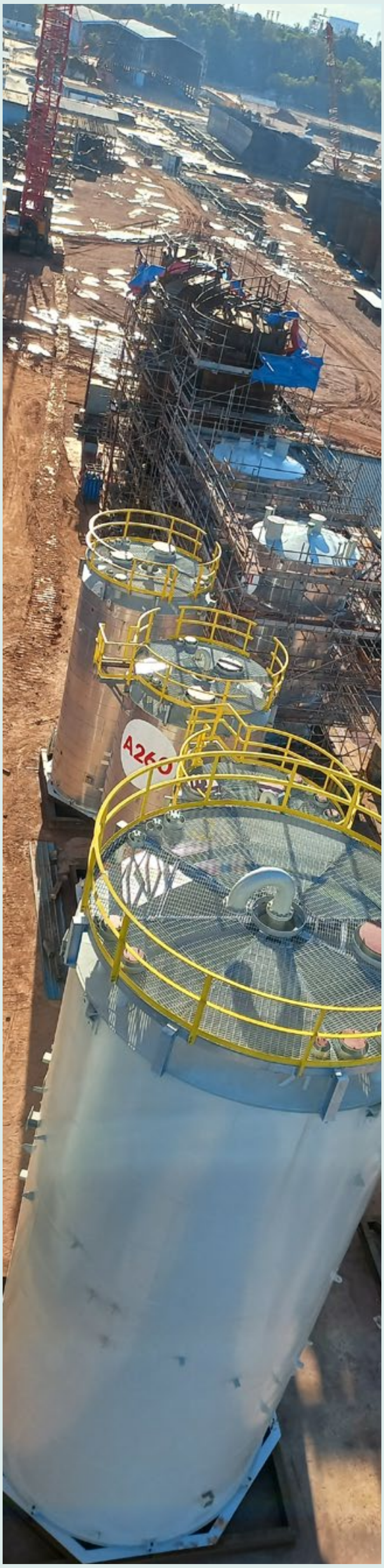
The Company's current liabilities increased by S$3.03 million to S$41.77 million as at 31 December 2022 was mainly due to: -

- non-trade payables to subsidiary corporations by S$1.50 million.
- non-trade payables to non-related parties by S$0.72 million.
- accruals for operating expenses S$0.50 million.

Non-current liabilities

The Company's non-current liabilities decreased by S$0.35 million to S$3.95 million as at 31 December 2022 due to decrease in borrowings.

BOARD OF DIRECTORS



MR. CHUA BENG YONG
EXECUTIVE CHAIRMAN

Mr. Chua Beng Yong is one of our founders and he has been re-designated to our Executive Chairman from Executive Director from 3 January 2022. He was first appointed Director on 10 May 2021 and was last re-elected on 27 April 2022. 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 29 June 2020. 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 in legal practice as a Partner with WongPartnership LLP, focusing on mergers and acquisitions. He has prior legal and financial experience in capital markets and finance. He is also currently an independent director of Propnex Limited.

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 rankings for Capital Markets and Banking and Finance. He holds a Master of Laws from King's College London, a Bachelor of Laws from the 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.

MR. GOH CHEE WEE

- INDEPENDENT DIRECTOR
- CHAIRMAN, NOMINATING COMMITTEE
- MEMBER, AUDIT COMMITTEE
- MEMBER, REMUNERATION COMMITTEE

Mr. Goh Chee Wee was first appointed as our Independent Director on 30 August 2004 and was last re-elected on 27 April 2021. He is also a director of Chailease Holding Company Ltd.

Mr. Goh was formerly a Member of Parliament and Minister of State for Trade and Industry, Labour and Communications. He was the Group Managing Director and Chief Executive Officer of Comfort Group Ltd until 2003.

Mr. Goh holds a Bachelor of Science (First Class Honours) degree from the then University of Singapore and a Master of Science (Engineering) degree from the University of Wisconsin, USA.

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 27 April 2022.

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.

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

- GROUP CHIEF OPERATING OFFICER
- CHIEF EXECUTIVE OFFICER, CORROSION PREVENTION DIVISION

Mr. Chua Beng Hock is one of the founders and Group Chief Operating Officer, the Chief Executive Officer for our Corrosion Prevention ("CP") Division.

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 particularly in the Corrosion Prevention Division, including developing and sterring 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.

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% MTM Engineering Pte Ltd
- 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% 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

- 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
- 80% Nexus Hydrotech Pte Ltd
- 51% Pangco Pte Ltd
  - 51% PT. Berger Batam

SUPPLY & DISTRIBUTION

- Personal Protective Equipment
- Blasting Equipment & Accessories
- Welding Equipment & Accessories
- Painting Equipment & Accessories
- Other General Hardware Products

- 100% Nexus Sealand Trading Pte Ltd
  - 100% Picco Enterprise Pte Ltd

SHIPPING & OTHERS

- Tugs & Barges

- 100% Quill Marine Pte Ltd
  - 100% Drako Shipping Pte Ltd
    - 100% PT. Marina Shipping
- 74% Water & Environmental Technologies (WET) Pte Ltd
- 51% Drink Splash 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. GOH CHEE WEE
Independent Director

MR. LUM KIN WAH
Independent Director

AUDIT COMMITTEE

MR. LOW WEE SIONG
Chairman

MR. GOH CHEE WEE

MR. LUM KIN WAH

REMUNERATION COMMITTEE

MR. LUM KIN WAH
Chairman

MR. GOH CHEE WEE

MR. LOW WEE SIONG

NOMINATING COMMITTEE

MR. GOH CHEE WEE
Chairman

MR. LOW WEE SIONG

MR. LUM KIN WAH

COMPANY SECRETARY

MS. WEE WOON HONG

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

AUDITOR

CLA Global TS Public Accounting Corporation
(formerly Nexia TS Public Accounting Corporation)
80 Robinson Road #25-00,
Singapore 068898
Partner-in-charge : Mr. Tan Chun Hun
(Appointed since Financial Year Ended 2021)

BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
DBS Bank Limited
RHB Bank Berhad
Validus Capital Pte. Ltd.

REGISTRAR AND THE SHARE TRANSFER OFFICE

M & C SERVICES PRIVATE LIMITED
112 Robinson Road, #05-01,
Singapore 068902
Tel: (65) 6228 0530 Fax: (65) 6225 1452

INVESTOR RELATIONS

8PR ASIA PTE LTD
MR. ALEX TAN
Tel: (65) 9451552

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 Company is pleased to report that for the financial year ended 31 December ("**FY**") 2022, the Group has generally adhered to the principles and provisions as set out in the Code and except for the following provisions where there are deviations from the Code and appropriate explanations have been provided:

(a) Provision 5.2 – Disclosure of assessment of Board and Board Committees
(b) Provision 7.2 – Remuneration of Non-Executive Directors
(c) Provision 7.3 – Remuneration of Directors
(d) Provisions 8.1 & 8.2 – Disclosure of remuneration details
(e) Provision 9.1 – Risk management
(f) Provision 11.2 – Separate resolutions at general meetings
(g) Provision 12.1 – Communication with shareholders
(h) Provision 12.2 – Investor relations policy

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.

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 conducted by bodies such as the SGX-ST and Singapore Institute of Directors, at the Company's expense. During FY2022, the Directors attended the Sustainability E-Training for Directors programme organised by the Institute of Singapore Chartered Accountants and in partnership with SAC Capital Private Limited to equip themselves with Environmental Social and Governance (ESG) responsible and sustainability reporting for listed issuers on 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.

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 FY2022 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[1]	4	4	–	–	–	–	–	–
Chua Meng Hua	4	4	–	–	–	–	–	–
Low Wee Siong	4	4	4	4	1	1	1	1
Goh Chee Wee	4	4	4	4	1	1	1	1
Lum Kin Wah	4	4	4	4	1	1	1	1

1 Mr. Chua Beng Yong was appointed as Executive Director of the Company on 10 May 2021 and was re-designated as Executive Chairman of the Company on 3 January 2022.

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.

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.

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.

(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)
Goh Chee Wee (Independent Director)
Lum Kin Wah (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. Goh Chee Wee, Mr. Lum Kin Wah and Mr. Low Wee Siong 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.

REPORT OF CORPORATE GOVERNANCE

Mr. Goh Chee Wee, an Independent Director, the Chairman of the NC and a member of the AC and RC of the Company, will retire by rotation pursuant to Regulation 107 of the Company's Constitution at the forthcoming annual general meeting ("**AGM**"). His retirement from the Board will take effect upon the conclusion of the AGM. Accordingly, Mr. Goh Chee Wee will cease to be the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company upon his retirement.

Provision 2.2

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

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. As at the date of this Annual Report, the Board has three Independent Directors representing majority of the Board.

After the retirement of Mr. Goh Chee Wee as Independent Director at the upcoming AGM of the Company, provisions 2.2 and 2.3 of the Code are not satisfied. In addition, the Board Committees would fall short of the requisite three (3) members as recommended by the Code. The Company is in the midst of identifying suitable candidates and will endeavour to fill the vacancies in the Board and Board Committees, arising from the retirement of Mr. Goh Chee Wee within 2 months in order to comply with Rule 704(8) of the Mainboard Rules and the provisions set forth in the Code.

Notwithstanding the above, 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.

REPORT OF CORPORATE GOVERNANCE

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 2022 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.

For Age & Tenure, the current Board has met this target for the financial year ended 31 December 2022. One 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.

REPORT OF CORPORATE GOVERNANCE

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.

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.

REPORT OF CORPORATE GOVERNANCE

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).

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.

REPORT OF CORPORATE GOVERNANCE

Provision 4.2

The NC comprises at least three directors, all 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: -

Goh Chee Wee	(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 107 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 109.

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. Goh Chee Wee be nominated for re-election at the forthcoming AGM pursuant to Regulation 107 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. 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.

Mr. Goh Chee Wee, an Independent Director, the Chairman of the NC and a member of the AC and RC of the Company, will retire by rotation pursuant to Regulation 107 of the Company's Constitution at the AGM. His retirement from the Board will take effect upon the conclusion of the AGM. Accordingly, Mr. Goh Chee Wee will cease to be the Chairman of the NC and a member of the AC and RC of the Company upon his retirement.

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.

REPORT OF CORPORATE GOVERNANCE

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.

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 40 to 42 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.

REPORT OF CORPORATE GOVERNANCE

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.

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 FY2022. 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.

REPORT OF CORPORATE GOVERNANCE

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.

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)
Goh Chee Wee	(Member, Independent Director)
Low Wee Siong	(Member, Lead 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 FY2022. 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.

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.

REPORT OF CORPORATE GOVERNANCE

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 of 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.

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. However, having considered the general sensitivity and confidentiality of remuneration matters, the Board adopts the disclosure of remuneration in bands that would provide a good overview and is informative of the remuneration of each director and key management personnel.

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.

REPORT OF CORPORATE GOVERNANCE

For FY2022, 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.

The remuneration of each individual Director to the nearest thousand is not disclosed as the Board believes that the disclosure may be prejudicial to its business interests given the highly competitive marine business environment the Group operates in.

A summary compensation table of the directors' remuneration for the financial year ended 31 December 2022 is set out below:

NAME OF DIRECTORS AND CEO	SALARY# (%)	BONUS (%)	FEES* (%)	BENEFITS (%)	TOTAL (%)
Directors					
Up to S$250,000					
Chua Beng Yong	100.00	–	–	–	100.00
Chua Meng Hua	90.78	–	3.32	5.90	100.00
Goh Chee Wee	–	–	100.00	–	100.00
Low Wee Siong	–	–	100.00	–	100.00
Lum Kin Wah	–	–	100.00	–	100.00
CEO					
Up to S$250,000					
Yong Jiunn Run	100.00	–	–	–	100.00

* 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 2022 is set out below:

NAME OF TOP 5 EXECUTIVE OFFICERS	SALARY (%)	BONUS (%)	FEES (%)	BENEFITS (%)	TOTAL (%)
Up to S$250,000					
Chua Beng Hock	98.96	–	1.04	–	100.00
Lee Wei Liang	91.83	–	–	8.17	100.00
Tan Say Tian	100.00	–	–	–	100.00
Irene Lim	100.00	–	–	–	100.00
Elaine Wong	100.00	–	–	–	100.00

The top five Executive Officers of the Group are Mr. Chua Beng Hock (the Group Chief Operating Officer and Chief Executive Officer, Corrosion Prevention Division), Mr. Lee Wei Liang (Chief Financial Officer), Mr. Tan Say Tian (General Manager, Infrastructure Engineering Division), Ms. Irene Lim (Senior Manager (Corporate Administration) and Ms. Elaine Wong (Senior Manager (Corporate Management).

REPORT OF CORPORATE GOVERNANCE

The aggregate total remuneration paid to or accrued to top five Executive Officers (who are not Directors) for FY2022 amounted to S$715,289.

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 CEO, Executive Director and 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.

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 and Chief Executive Officer, Corrosion Prevention Division are brothers. Mr. Yong Jiunn Run, the CEO of the Company is not related to any of the above stated Directors or Officers of the Company. The Code recommends that the remuneration of employees who are immediate family member of a Director or CEO be disclosed within the bands of S$100,000. However, the Board is of the opinion that the remuneration details of Mr. Chua Beng Hock are confidential and disclosure of his remuneration in the bands of S$100,000 would not be in the interest of the Company. Mr. Chua Min Kong who is also a brother of Mr. Chua Beng Yong and Mr. Chua Meng Hua is employed by the Group as a Manager and his total remuneration in FY2022 was less than S$100,000.

Save as disclosed above, there is no employee who is an immediate family member of any Director or CEO, whose remuneration for FY2022 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 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

The Board and the AC has supervised the setting up of an enterprise risk management framework to evaluate and continuously improve the effectiveness of risk management capabilities, control and governance processes. The enterprise risk management framework requires the Board and AC to carry out the following:

(a) Understand the organisational structure and current internal and external operating environment of the various business units of the Group;
(b) Identify events, assess risk, evaluate risk responses and control activities in place;
(c) Determine the impact and likelihood of the identified risks;
(d) Identify improvement opportunities for control gaps; and
(e) Prioritise and rank the identified risks.

The Internal Auditors, Wensen Consulting Asia (S) Pte Ltd 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.

During FY2022, 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) Project Operations Management and (b) Accounting and Financial Closing 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 FY2022.

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 FY2022 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)
Goh Chee Wee	(Member, Independent Director)
Lum Kin Wah	(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 2022 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 (formerly known as "Nexia 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 FY2022 are as follows:

Audit fees	: S$180,000
Non-audit fees	: S$32,600

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)
Goh Chee Wee	(Member, Independent Director)
Lum Kin Wah	(Member, Independent Director)

Mr. Low Wee Siong and Mr. Lum Kin Wah 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 Consulting Asia (S) Pte Ltd (“**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 1-3 year audit cycle.

REPORT OF CORPORATE GOVERNANCE

Based on information provided by Wensen, (a) it specialises in the provision of internal audit outsourcing and risk management services to public listed companies in Singapore, Malaysia and Hong Kong; (b) the engagement team is led by its Director, Mr. Edward Yap who has more than 20 years of experience in auditing field and is currently a fellow member of the Association of Certified Chartered Accountants, a practising member of the Institute of Singapore Chartered Accountants and a member of the Malaysia Institute of Accountants; (c) the engagement team comprises of an Associate Director, an Assistant Manager, a Lead Consultant and other supporting consultants who possesses relevant experience and qualification in the field of accounting; and (d) the Associate Director has more than 15 years of experience in the field of internal auditing.

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, 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 issue of payment of dividend is deliberated by the Board from time to time. The Board has decided not to declare any dividend for FY2022 after considering the financial impact of the discontinued operations and rationalisation of the existing businesses.

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, 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. Shareholders may also direct queries to william.lee@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.

REPORT OF CORPORATE GOVERNANCE

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 31 May 2023 in relation to the management of stakeholder relationships during FY2022.

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.

REPORT OF CORPORATE GOVERNANCE

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 FY2022 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.

USE OF PROCEEDS

As at 28 February 2022, there was no balance placement proceeds carried forward from the share placement exercise with SAC Capital Private Limited acting as placement agent conducted in FY2021 and completed on 17 December 2021 pursuant to which an aggregate of 37,200,000 placement shares have been allotted and issued, comprising (a) 5,600,000 placement shares to our chief executive officer and (b) the remaining 31,600,000 placement shares to the end-placees procured by the Placement Agent in accordance with the terms of the placement agreement. The use of the net proceeds from the 17 December 2021 Share Placement is as follows: -

	AMOUNT S$'000
Net Proceeds from share placement	3,193
Amount utilised as working capital: -	
a) Suppliers	(913)
b) Service contractors	(1,516)
c) Wages and salaries	(763)
Balance	–

The use of the net proceeds from share placements is in accordance with the intended use as previously disclosed in the Company's announcements.

REPORT OF CORPORATE GOVERNANCE

TABLE A – INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Mr. Chua Meng Hua is seeking for re-election at the upcoming AGM (the "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Director as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below: -

NAME OF RETIRING DIRECTOR	CHUA MENG HUA
Date of appointment	8 January 1994
Date of last election	29 June 2020
Age	69
Country of principal residence	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 an Executive 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.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director
Professional qualifications	Nil
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.
Shareholdings interest in the listed issuer and its subsidiaries	Deemed interest: 8,829,875 ordinary shares
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 Group Chief Operating Officer and Chief Executive Officer, Corrosion Prevention Division of the Company
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

REPORT OF CORPORATE GOVERNANCE

NAME OF RETIRING DIRECTOR	CHUA MENG HUA
Other principal commitments including directorships	Past (for the last 5 years): Directorships: None Other Principal Commitments: None Present: Directorships: 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, Picco Enterprise 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. Other Principal Commitments: None

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

QUESTION		
(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
(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
(c)	Whether there is any unsatisfied judgment against him?	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
(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

REPORT OF CORPORATE GOVERNANCE

QUESTION		
(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
(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
(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
(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
(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
	(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
	(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
	(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,	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

DIRECTORS' STATEMENT

For the Financial Year ended 31 December 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

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 53 to 132 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 2022 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, subject to the going concern assumption as set out in Note 4 to the financial statements, 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
Goh Chee Wee
Lum Kin Wah

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 31.12.2022	AT 1.1.2022 OR DATE OF APPOINTMENT	AT 31.12.2022	AT 1.1.2022 OR DATE OF APPOINTMENT
The Company				
(No. of ordinary shares)				
Chua Beng Yong	8,729,875	6,329,875	–	–
Chua Meng Hua	8,829,875	8,829,875	–	–

The directors' interests in the ordinary shares of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

DIRECTORS' STATEMENT

For the Financial Year ended 31 December 2022

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

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.

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)
Goh Chee Wee	(Member, Independent Director)
Lum Kin Wah	(Member, Independent Director)

The AC met 4 times in 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 2022 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 (formerly Nexia 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 2022

INDEPENDENT AUDITOR

The independent auditor, CLA Global TS Public Accounting Corporation (formerly Nexia 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

12 APRIL 2023

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 2022, 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 a summary of significant accounting policies.

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 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 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for 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 for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
1. **Completeness and accuracy of revenue recognition on infrastructure engineering and corrosion prevention services**	
For the financial year ended 31 December 2022, the revenue recognised from infrastructure engineering and corrosion prevention services was $55.70 million (2021: $46.85 million). The Group has significant contracts in relation to the provision of infrastructure engineering services 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 initial budgeted costs, and subsequently, 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 therefore also 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 Note 2.2 (a) and (b) respectively to the consolidated financial statements and the different revenue streams for the Group have been disclosed in Note 5 to the consolidated financial statements.	Our audit approach comprises of both controls testing and substantive procedures as follows: • understood and evaluated the design and implementation of key controls over the budgeting process, recognition of contract costs and testing of these key controls, on a sample basis, to determine whether these controls were operating effectively throughout the year; • discussed with management and understood the estimation and bidding process of contracts and ascertained there are procedures in place to ensure accuracy and completeness of estimated total contract cost; • selected a sample of contracts in order to challenge both current and future financial performance. Samples were selected based on a number of quantitative and qualitative factors, as well as other randomly selected contracts; • for sampled contracts, challenged management's key judgements inherent in the estimated costs to complete as well as tested details of actual costs incurred, both of which drive the accounting under the stage of completion method, including the following procedures: – reviewed the contract terms and conditions through scrutiny of contract documentation; – verified contract costs incurred from suppliers in respect of materials needed and reviewed the estimation basis of overheads allocated; – reviewed actual cost incurred including accrued costs vis-à-vis estimated contract cost; – tested the existence and completeness of claims and variation orders within contract costs via inspection of correspondence with customers and the 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
2. Going concern	
The Group incurred recurring losses from continuing operations of $7.03 million for the financial year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by $12.37 million. Subsequent to year-end, on 17 January 2023, the Group received the court order from High Court of Singapore to wind up Cattle Line Two Pte. Ltd. ("CLT") resulted from creditor winding up application filed by a creditor. The Group received a Notice of Default from United Oversea Bank ("UOB"), which entitles UOB to certain rights under security agreements entered into between the Group and UOB. The Group's financing arrangements with the other 3 bankers contain cross-default clauses as part of the standard terms and conditions of the respective banks. To-date, the Group has not received any notice of event of default from any of its other bankers (save for UOB). The outstanding balances owing to these banks were presented as current liabilities. The above conditions indicate the existence of events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. The Management have considered the operations of the Group as a going concern and the financial statements of the Group were prepared on a going concern basis as they believe the Group will be able to meet its obligations as and when they fall due within the next twelve months on the bases as disclosed in Note 4.	Our audit procedures focused on evaluating the key assumptions used by the management. These procedures included the following: • discussed and evaluated management's assessment of the Group's ability to continue as a going concern and justification that the going concern assumption is appropriate; • reviewed cash flow projections and sensitivity analysis along with the assumptions made; and • reviewed and considered the adequacy of the presentation and disclosure of going concern in the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
3. Credit loss allowance on trade receivables and contract assets	
As at 31 December 2022, trade receivables and contract assets amounted to $15.30 million and $7.31 million (2021: $16.26 million and $6.29 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 the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. 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 ranges between 30 to 120 days. However, due to the deteriorated market outlook in which the Group operates in, an increasing trend of customers requiring a longer time over and above their respective credit terms to make payments have been noted and certain amounts of such are outstanding for more than 365 days, invariably heightening the risk of default. In assessing the recoverability of these amounts, management is required to exercise judgement based on the credit-worthiness of the customers, historical payment trend and business relationship fostered with the respective customers. Allowance for credit loss is a subjective area due to the level of judgement applied by the management. Due to the significance of trade receivables and contract assets (representing 39% 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. The credit risk and the aging of the trade receivables 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 sales and receivables cycle; • assessed the recoverability of sampled 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; – analysed significant receivables aged over 120 days for which impairment allowance were not provided for by the Group and challenged management's assessment to determine whether there were any credit loss; and – inspected 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 our Independent Auditor's report; and – reviewing correspondences with external parties to assess recoverability of long overdue contract assets.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

<table>
<tr><th>KEY AUDIT MATTER</th><th>HOW OUR AUDIT ADDRESSED THE MATTER</th></tr>
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4. Valuation of property, plant and equipment

As at 31 December 2022, property, plant and equipment ("PPE") amounting to $21.67 million (2021: $40.38 million) represent 37% (2021: 51%) of total assets.

Management identified separate cash–generating units ("CGU") and has calculated the recoverable amount of CGU where there were indicators of impairment, as 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 are 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 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 significant 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 are set out in Note 2.9(b).

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Our audit procedures focused on evaluating the key assumptions used by the management in preparing the impairment assessment. These procedures included the following:

- Evaluated the competence, capabilities and objectivity of the external professional valuers engaged by the management;
- Reviewed management's impairment assessment, or 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 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.

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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.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- 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.

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 Tan Chun Hun.

CLA Global TS Public Accounting Corporation
(Formerly Nexia TS Public Accounting Corporation)
Public Accountants and Chartered Accountants

Singapore

12 April 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2022

	NOTE	2022 $	2021 $ (RESTATED)
Revenue	5	59,134,475	51,313,839
Cost of sales	6	(46,613,080)	(39,409,431)
Gross profit		12,521,395	11,904,408
Other (losses)/gains– net	8	(2,083,401)	1,191,871
Expenses			
– Selling and distribution	6	(879,603)	(426,411)
– Administrative	6	(13,404,742)	(12,112,472)
– Finance	9	(1,701,614)	(1,784,776)
Loss before income tax		(5,547,965)	(1,227,380)
Income tax expense	10	(1,478,732)	(933,092)
Net loss for continuing operations		(7,026,697)	(2,160,472)
Discontinued operations			
Net loss from discontinued operations	11	(16,641,883)	(14,642,065)
Total loss		(23,668,580)	(16,802,537)
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation– gains/(losses)		524,682	(159,056)
Currency translation differences arising from deconsolidation of subsidiary corporations reclassified to profit or loss		(407,601)	–
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation– gains/(losses)		14,059	(89,038)
Other comprehensive income/(loss)		131,140	(248,094)
Total comprehensive loss		(23,537,440)	(17,050,631)
Loss attributable to:			
Equity holders of the Company		(21,829,471)	(13,226,724)
Non–controlling interests		(1,839,109)	(3,575,813)
		(23,668,580)	(16,802,537)
(Loss)/profit attributable to equity holders of the Company relates to:			
(Loss)/profit from continuing operations		(8,627,036)	(3,282,693)
Loss from discontinued operations		(13,202,435)	(9,944,031)
		(21,829,471)	(13,226,724)
Total comprehensive loss attributable to:			
Equity holders of the Company		(21,712,390)	(13,385,780)
Non–controlling interests		(1,825,050)	(3,664,851)
		(23,537,440)	(17,050,631)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2022

	NOTE	2022 $	2021 $ (RESTATED)
(Loss)/profit per share from continuing and discontinued operations attributable to equity holders of the Company (cents per share)			
Basic (loss)/profit per share			
– From continuing operations	12	(4.33)	(2.17)
– From discontinued operations	12	(6.63)	(6.56)
Diluted (loss)/profit per share			
– From continuing operations	12	(4.33)	(2.17)
– From discontinued operations	12	(6.63)	(6.56)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTE	GROUP 2022 $	GROUP 2021 $
ASSETS			
Current assets			
Cash and cash equivalents	13	6,711,708	7,044,033
Trade and other receivables	14	17,596,750	21,189,115
Contract assets	5(b)	7,305,432	6,289,095
Inventories	15	3,428,382	3,513,310
		35,042,272	38,035,553
Non-current assets			
Intangible assets	17	–	63,837
Property, plant and equipment	18	21,665,734	40,378,244
Deferred income tax assets	23	679,011	956,497
		22,344,745	41,398,578
Total assets		57,387,017	79,434,131
LIABILITIES			
Current liabilities			
Trade and other payables	20	28,721,243	33,119,628
Contract liabilities	5(b)	16,927	462,086
Current income tax liabilities		1,472,357	1,128,262
Borrowings	21	17,203,963	18,624,975
		47,414,490	53,334,951
Non-current liabilities			
Trade and other payables	20	–	619,009
Borrowings	21	4,986,249	6,622,155
Deferred income tax liabilities	23	10,460	15,810
		4,996,709	7,256,974
Total liabilities		52,411,199	60,591,925
NET ASSETS		4,975,818	18,842,206
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	54,124,399	54,124,399
Other reserves	25	(1,920,653)	(2,037,734)
Accumulated losses		(46,060,098)	(24,230,627)
		6,143,648	27,856,038
Non-controlling interests	16	(1,167,830)	(9,013,832)
Total equity		4,975,818	18,842,206

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTE	COMPANY 2022 $	COMPANY 2021 $
ASSETS			
Current assets			
Cash and cash equivalents	13	210,058	1,969,549
Trade and other receivables	14	42,880,596	63,578,260
		43,090,654	65,547,809
Non-current assets			
Investments in subsidiary corporations	16	4,708,434	5,108,434
Property, plant and equipment	18	839,830	1,175,472
Deferred income tax assets	23	–	16,790
		5,548,264	6,300,696
Total assets		48,638,918	71,848,505
LIABILITIES			
Current liabilities			
Trade and other payables	20	32,849,448	30,463,002
Borrowings	21	8,924,436	8,272,684
		41,773,884	38,735,686
Non-current liability			
Borrowings	21	3,953,404	4,298,563
Total liabilities		45,727,288	43,034,249
NET ASSETS		2,911,630	28,814,256
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	54,124,399	54,124,399
Accumulated losses	26	(51,212,769)	(25,310,143)
Total equity		2,911,630	28,814,256

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
		SHARE CAPITAL	ACCUMULATED LOSSES	OTHER RESERVES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL
		$	$	$	$	$	$
2022							
Beginning of financial year		54,124,399	(24,230,627)	(2,037,734)	27,856,038	(9,013,832)	18,842,206
Loss for the financial year		–	(21,829,471)		(21,829,471)	(1,839,109)	(23,668,580)
Other comprehensive income for the financial year		–	–	117,081	117,081	14,059	131,140
Total comprehensive (loss)/income for the financial year		–	(21,829,471)	117,081	(21,712,390)	(1,825,050)	(23,537,440)
Dividend paid to non-controlling interests	16	–	–	–	–	(1,566,220)	(1,566,220)
Deconsolidation of subsidiary corporation	11(d)	–	–	–	–	11,237,272	11,237,272
End of financial year		54,124,399	(46,060,098)	(1,920,653)	6,143,648	(1,167,830)	4,975,818
2021							
Beginning of financial year		49,651,347	(11,003,903)	(1,902,129)	36,745,315	(4,546,330)	32,198,985
Loss for the financial year		–	(13,226,724)	–	(13,226,724)	(3,575,813)	(16,802,537)
Other comprehensive loss for the financial year		–	–	(159,056)	(159,056)	(89,038)	(248,094)
Total comprehensive loss for the financial year		–	(13,226,724)	(159,056)	(13,385,780)	(3,664,851)	(17,050,631)
Acquisition of additional equity interest in subsidiary corporations	16	–	–	23,451	23,451	(23,551)	(100)
Dividend paid to non-controlling interests	16	–	–	–	–	(784,000)	(784,000)
Issuance of ordinary shares	24	4,473,052	–	–	4,473,052	–	4,473,052
Capital contribution from non-controlling interests	16	–	–	–	–	4,900	4,900
End of financial year		54,124,399	(24,230,627)	(2,037,734)	27,856,038	(9,013,832)	18,842,206

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2022

	NOTE	2022 $	2021 $
Cash flows from operating activities			
Net loss		(23,668,579)	(16,802,537)
Adjustments for:			
Credit loss allowance– trade receivables, net	6	434,929	2,952,212
Credit loss allowance– non-trade receivables	8	1,016,788	–
Inventories written back	6	(9,382)	(49,372)
Inventories written down	6	35,183	3,304
Loss on disposal of property, plant and equipment	8	81,073	47,158
Property, plant and equipment written off	8	44,556	618
Impairment loss on property, plant and equipment	8, 11	6,278,961	7,543,211
Impairment loss on goodwill	8	63,837	–
Interest income	8	(5,406)	(6,452)
Interest expense	9, 11	1,997,001	2,342,794
Income tax expense	10	1,478,732	933,092
Depreciation of property, plant and equipment	6, 11	6,644,679	8,299,140
Loss from deconsolidation of subsidiary corporations	11	10,127,010	–
Provision for financial guarantee	8	2,024,562	–
Unrealised currency translation differences		(218,014)	(721,692)
		6,325,930	4,541,476
Change in working capital			
Inventories		54,131	594,314
Contract assets		(1,016,337)	717,736
Trade and other receivables		2,979,123	(2,481,060)
Trade and other payables		1,796,410	3,231,957
Contract liabilities		(445,159)	(24,024)
Cash generated from operations		9,694,098	6,580,399
Interest received		5,406	6,452
Interest paid		(1,445,159)	(2,359,065)
Income tax paid		(862,502)	(333,869)
Net cash generated from operating activities		7,391,843	3,893,917
Cash flows from investing activities			
Additions to property, plant and equipment	18(b)	(478,369)	(1,327,535)
Proceeds from disposal of property, plant and equipment		317,547	230,285
Acquisition of non-controlling interests	16	–	(100)
Cash outflow arising from deconsolidation of subsidiary corporation	11	(18,222)	–
Net cash used in investing activities		(179,044)	(1,097,350)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2022

	NOTE	2022 $	2021 $
Cash flows from financing activities			
Proceeds from borrowings	21(c)	16,388,800	16,167,800
Proceeds from issuance of shares, net	24	–	4,473,052
Repayment of borrowings		(20,426,561)	(15,921,263)
Repayment of bonds, net	21(c)	–	(500,000)
Principal payment of lease liabilities		(1,697,894)	(2,469,359)
Increase/(repayment of) bills payable, net		22,354	(488,097)
Interest paid		(119,863)	(181,201)
Dividend paid to non–controlling interests	16	(1,566,220)	(784,000)
Proceeds from issuance of ordinary shares by a subsidiary to non–controlling interests	16	–	4,900
Net cash (used in)/generated from financing activities		(7,399,384)	301,832
Net (decrease)/increase in cash and cash equivalents		(186,585)	3,098,399
Cash and cash equivalents			
Beginning of financial year		4,651,778	1,523,751
Effects of currency translation on cash and cash equivalents		(104,796)	29,628
End of financial year	13	4,360,397	4,651,778

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

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 subsidiary corporations are shown in Note 16 of the financial statements.

2. SIGNIFICANT 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 2022

On 1 January 2022, 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 a promised good or service to the customer, which is when the customer obtains control of the good 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 REVENUE RECOGNITION (CONTINUED)

(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 service contract includes fabrication and construction of steel structures and/or vessels. 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.

Invoices for service rendered are raised in accordance with contract and/or works order agreement. 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 works 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, a contract asset is recognised. If the payments exceed the value of the goods and services transferred, a contract liability is recognised.

(b) 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, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(c) Supply and distribution of products

The Group supplies and distributes hardware equipment, tools and other products used in marine, oil and gas, and construction industries. Revenue from the sale of these products is recognised at a point in time when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Invoices for sales of products are issued to the customers when the products are delivered. Payment for these products is due after 30 days from date of invoice. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 REVENUE RECOGNITION (CONTINUED)

(d) Charter income

Revenue from ship charter is recognised over time progressively over the course of voyage and when collection of payment is reasonably assured. Invoices for charter are raised when the voyage is confirmed and payment is due when cargo is loaded on the vessel or the vessel begins its voyage.

(e) 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.

(f) 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. Invoices for sales of vessels are issued to the customers when the contract is signed.

(g) Interest income

Interest income is recognised using the effective interest method.

(h) 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.

(i) 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/(losses)– net".

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 GROUP ACCOUNTING (CONTINUED)

(a) Subsidiary corporations (continued)

(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.

2.5 PROPERTY, PLANT AND EQUIPMENT

(a) Measurement

(i) Drydockings

Components of vessel which are required to be replaced at the next drydocking are identified. The cost of these components is depreciated over the period to the next estimated drydocking date. Costs incurred on subsequent drydocking of vessels are capitalised and depreciated over the period to the next drydocking date. When significant drydocking costs recur prior to the expiry of the depreciation period, the remaining costs of the previous drydocking are written off in the month of the subsequent drydocking.

(ii) Other property, plant and equipment

All other items of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Measurement (continued)

(ii) Other property, plant and equipment (continued)

Property, plant and equipment are transferred to inventories at carrying amount on the date of transfer when the Group intends to sell items of property, plant and equipment in the ordinary course of business.

Inventories are transferred to property, plant and equipment at cost when the Group held the items for use in production or supply of goods or services and are expected to be used during more than one period.

(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
Drydockings	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".

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 INTANGIBLE ASSETS

Goodwill on acquisition

Goodwill on acquisition of subsidiary corporations and businesses, represents the excess of (i) the sum of 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 (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries and associates include the carrying amount of goodwill relating to the entity sold.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 IMPAIRMENT OF NON–FINANCIAL ASSETS (CONTINUED)

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

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 cash–generating units ("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 as 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.

At initial recognition

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL ASSETS (CONTINUED)

(a) Classification and measurement (continued)

<u>*At subsequent measurement*</u>

(i) Debt instruments

Debt instruments mainly comprise of 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 29 (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 the 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

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.

2. SIGNIFICANT 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 convey 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 recognised 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.

  These right–of–use asset is 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".

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 LEASES (CONTINUED)

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

- 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 a contract 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 component for property leases and account 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 changes in the Group's assessment of whether it will exercise an extension option; or
  – There are modification 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 recognised 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.

- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 LEASES (CONTINUED)

(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 recognised the net investment in the sublease within "Trade and other receivables". Any differences 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 retains 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 recognise lease income from sublease in profit or loss within "Revenue". The right–of–use asset relating to the head lease is not derecognised.

For contract which contains 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 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.

2. SIGNIFICANT 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 CURRENCY TRANSLATION (CONTINUED)

(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, 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Property, plant and equipment ("PPE") is 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.

The continually evolving situation due to COVID–19 pandemic during the year resulted in inherent uncertainty in the impairment assessment.

Details of the impairment testing are set out in Note 18(d).

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(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% (2021: 10%) from management's estimates, the Group's net profit would have been decreased/increased by $59,310 (2021: $163,384).

(c) Impairment of trade receivables and contract assets

As at 31 December 2022, the Group's gross trade receivables (Note 14) and contract assets (Note 5(b)) amounted to $17,777,793 (2021: $20,628,110) and $7,305,432 (2021: $6,289,095) respectively, arising from the Group's different revenue segments– infrastructure engineering, corrosion prevention, supply and distribution and shipping.

Based on the Group's historical credit loss experience, trade receivables exhibited different loss patterns for different aging group. 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 $2,479,475 (2021: $4,367,772) for trade receivables was recognised as at 31 December 2022.

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).

4. GOING CONCERN

The Group incurred a net loss from continuing operations of $7,026,696 ($2,160,472) for the financial year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by $12,372,218 (2021: $15,299,398).

Subsequent to year-end, on 17 January 2023, the Group received the court order from High Court of Singapore to wind up Cattle Line Two Pte. Ltd. ("CLT") resulted from creditor winding up application filed by a creditor. The Group received a Notice of Default from United Oversea Bank ("UOB"), which entitles UOB to certain rights under security agreements entered into between the Group and UOB. The Group's financing arrangements with the other 3 bankers contain cross-default clauses as part of the standard terms and conditions of the respective banks. To-date, the Group has not received any notice of event of default from any of its other bankers (save for UOB). The outstanding balances owing to these banks were presented as current liabilities.

4. GOING CONCERN (CONTINUED)

These conditions indicate the existence of events and conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The Management have considered the operations of the Group as a going concern and the financial statements of the Group were prepared on a going concern basis as they believe the Group will be able to meet its obligations as and when they fall due within the next twelve months because of the following:

(i) the Group's IE and CP divisions continued to generate positive operating cash inflow for FY2022. Historically, the Group generate positive cashflow from its core operating activities of $7.39 million in FY2022 (FY2021: $3.89 million).

The Group should continue achieving positive operating cash inflows from its secured orders which includes recurring orders and uncompleted performance obligations. In addition, the Group received more project enquires and is actively participating in the submission of project tenders and expecting a conversion of current tendering opportunities into future revenues and cashflows.

The business relationship with 2 major customers of the Group is growing stronger. The Group has been given various business opportunities over the last 2 years in tendering projects and won the projects. The management confident the orders from the 2 major customers is continuously contributing significant to the revenue of the Group in future.

With further cost rationalisation and discontinuation of Cattle Line business, the Group will be strengthening its cashflow generation and net cash position including, deleveraging to incur interest savings;

(ii) subsequent to year-end, the Group has secured fresh tenancies to partially lease out 13 hectares of its 32.8 hectare unencumbered waterfront yard in Batam, Indonesia for a total income from leasing of approximately $1.9 million per annum;

(iii) the Group is also actively seeking new opportunities to sell its waterfront yard which has a market value of approximately $35.3 million. The lease for the Batam yard has been fully paid in advance till 2037. Subsequent to year-end, the Group entered a conditional land sale and purchase agreement with a buyer for the disposal of 9 hectares of land in Batam. The disposal of land is subject to approval from shareholders of the Company;

(iv) the Group will continue to deleverage and strengthen cashflow from its plan to sell off the remaining two tugboats. Up to the date of the financial statement, the Group has received a letter of intent from an interested buyer to purchase a tugboat;

(v) the Group maintains good banking relationships and continue to obtain support from the Group's existing bankers and financial institutions in providing banking, working capital lines and other trade finance facilities;

(vi) the Group obtained continuing support for an extension of credit terms from long-term relationship business associates; and

(vii) amount owing to key management personal of the Company remains unpaid until the Group is able to do so.

Accordingly, the Management is of the view that there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and that the use of going concern to prepare the Group's financial statements is appropriate.

5. 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 $
2022			
Infrastructure engineering			
– Singapore	38,218	13,830,803	13,869,021
– Europe	2,655,240	12,898,758	15,553,998
– Indonesia	–	2,106,034	2,106,034
– United Kingdom	223,362	4,826,802	5,050,164
– Middle East	–	1,396,499	1,396,499
– Others	–	821,717	821,717
	2,916,820	35,880,613	38,797,433
Corrosion prevention			
– Singapore	–	12,696,993	12,696,993
– Indonesia	–	4,203,682	4,203,682
	–	16,900,675	16,900,675
Supply and distribution			
– Singapore	3,088,692	–	3,088,692
– Indonesia	270,003	–	270,003
	3,358,695	–	3,358,695
Shipping			
– Indonesia	–	77,672	77,672
Total	6,275,515	52,858,960	59,134,475

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2022

5. REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (continued)

	AT A POINT IN TIME $	OVER TIME $	TOTAL $
2021 (Restated)			
Infrastructure engineering			
– Singapore	–	13,806,598	13,806,598
– Europe	332,206	9,622,141	9,954,347
– Indonesia	–	1,061,387	1,061,387
– United Kingdom	334,072	3,126,666	3,460,738
– Middle East	–	629,095	629,095
– Others	17,455	792,334	809,789
	683,733	29,038,221	29,721,954
Corrosion prevention			
– Singapore	–	13,618,948	13,618,948
– Indonesia	–	3,509,924	3,509,924
	–	17,128,872	17,128,872
Supply and distribution			
– Singapore	3,598,549	–	3,598,549
– Indonesia	409,882	–	409,882
	4,008,431	–	4,008,431
Shipping			
– Indonesia	–	454,582	454,582
Total	4,692,164	46,621,675	51,313,839

5. REVENUE (CONTINUED)

(b) Contract balances

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

	31 DECEMBER 2022 $	31 DECEMBER 2021 $	1 JANUARY 2021 $
Trade receivables (Note 14)	17,777,793	20,628,110	17,248,497
Less: Loss allowance	(2,479,475)	(4,367,772)	(1,415,560)
	15,298,318	16,260,338	15,832,937
Infrastructure engineering and corrosion prevention			
– Contract assets	7,305,432	6,289,095	7,006,832
– Contract liabilities	(16,927)	(462,086)	(442,193)

Contract assets represent the Group's right to consideration in exchange for infrastructure engineering and corrosion prevention services that the Group has transferred to a customer 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 as the Company has billed most of the services completed in 2022.

(i) Revenue recognised in relation to contract liabilities

	2022 $	2021 $
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	462,086	161,085

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.

6. EXPENSES BY NATURE

	GROUP	
	2022	2021
	$	$
		(RESTATED)
Purchases of inventories and construction materials	15,797,696	9,959,139
Subcontractors' fees	14,553,948	12,106,109
Depreciation of property, plant and equipment	4,419,761	5,226,954
Inventories written back (Note 15)	(9,382)	(49,372)
Inventories written down (Note 15)	35,183	3,304
Allowance for impairment of trade receivables– net (Note 29(b))	434,929	668,630
Total depreciation, impairment and written off	4,880,491	5,849,516
Fees on audit services paid/payable to:		
– Auditor of the Company	180,000	169,268
– Other auditor	12,000	14,377
Total fees on audit services	192,000	183,645
Fees on non–audit services paid/payable to:		
– Auditor of the Company	32,600	34,859
– Other auditor	282	94
Total fees on non–audit services	32,882	34,953
Employees' accommodation and utilities	689,799	1,321,525
Employee compensation (Note 7)	17,900,895	17,375,255
Foreign worker levies	1,080,205	1,116,194
Insurance	421,963	310,651
Office related expenses	279,240	427,235
Professional fees	299,534	185,465
Rental of office equipment and machinery (Note 19 (d))	1,686,131	791,959
Repair of equipment	369,481	334,204
Transport and travelling	623,340	629,560
Other expenses	2,004,892	774,657
Changes in inventories	84,928	548,247
Total cost of sales, selling and distribution and administrative expenses	60,897,425	51,948,314

7. EMPLOYEE COMPENSATION

	GROUP	
	2022	2021
	$	$
		(RESTATED)
Wages and salaries	15,952,573	15,147,667
Employer's contribution to defined contribution plans	1,011,250	838,992
Other short–term benefits	937,072	1,388,596
	17,900,895	17,375,255

8. OTHER (LOSSES)/GAINS– NET

	GROUP	
	2022	2021
	$	$
		(RESTATED)
Interest income from bank deposits	5,406	6,452
Loss on disposal of property, plant and equipment	(81,073)	(47,158)
Property, plant and equipment written off (Note 18)	(44,556)	(618)
Currency exchange gains/(losses), net	409,457	(20,158)
Government grants:		
– Jobs Support Scheme ("JSS") [(a)]	31,897	567,186
– Foreign Worker Levy ("FWL") rebate	452,145	597,860
– Jobs Growth Incentive	246,902	179,639
– Others	210,498	141,104
Total government grants	941,442	1,485,789
Impairment loss on property plant and equipment (Note 18)	(448,474)	(350,000)
Advance payment and loan written–off	88,430	–
Credit loss allowance– non–trade receivables	(1,016,788)	–
Impairment loss on goodwill (Note 17)	(63,837)	–
Provision for financial guarantee (Note 21)	(2,024,562)	–
Miscellaneous	151,154	117,564
	(2,083,401)	1,191,871

(a) The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

9. FINANCE EXPENSES

	GROUP	
	2022 $	2021 $ (RESTATED)
Interest expense		
– Bank borrowings	1,025,128	1,063,832
– Bank overdrafts	118,388	129,507
– Lease liabilities (Note 19(c))	119,862	181,201
– Bills payable	7,111	23,901
– Bonds	315,000	350,630
– Creditor	116,125	35,705
	1,701,614	1,784,776

10. INCOME TAX EXPENSE

	GROUP	
	2022 $	2021 $
Tax expense attributable to the loss is made up of:		
– Loss for the financial year:		
From continuing operations		
Current income tax – Singapore	962,810	740,813
– Foreign	250,483	362,519
	1,213,293	1,103,332
Deferred income tax (Note 23)	(109,311)	(33,417)
	1,103,982	1,069,915
– Under/(over) provision in prior financial years:		
From continuing operations		
Current income tax – Singapore	(6,697)	(84,463)
Deferred income tax (Note 23)	381,447	(52,360)
	374,750	(136,823)
Tax expense is attributable to:		
– Continuing operations	1,478,732	933,092

10. INCOME TAX EXPENSE (CONTINUED)

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

	GROUP	
	2022	2021
	$	$
Loss before income tax		
– Continuing operations	(5,547,965)	(1,227,380)
– Discontinued operations (Note 11(a))	(16,641,883)	(14,642,065)
	(22,189,848)	(15,869,445)
Tax at the applicable tax rate of 17% (2021: 17%)	(3,772,274)	(2,697,805)
Effects of:		
– expenses not deductible for tax purposes	4,720,035	3,699,325
– income not subject to tax	(56,759)	(114,668)
– tax incentives	(24,962)	(18,760)
– different tax rates in other countries	(162,952)	(80,809)
– deferred tax assets not recognised	396,769	283,994
– under/(over) provision of tax in prior years	374,750	(136,823)
– others	4,125	(1,362)
Tax charge	1,478,732	933,092

11. DISCONTINUED OPERATIONS

On 5 October 2022, the Group announced that it is in the best interests of the Company and the Group to discontinue the operation of two livestock vessels. The two livestock vessels are owned by Cattle Line Two Pte Ltd and its subsidiary (collectively, CLT Group). Following the announcement, the Group has commenced the preparation works for disposal of the two livestock vessels, including arrange site visit for the potential buyers.

On 2 November 2022, the Group received winding up application from the high court of Singapore served by a CLT's trade creditor. Consequently, on 1 November 2022, the winding-up process has commenced and pursuant to Section 130 of Insolvency, Restructuring, Dissolution Act 2018, any disposition of property or transfer of shares are void unless Court consent. As such, the Group put the disposal process on hold and stopped marketing for buyers.

Based on the control assessment in accordance with SFRS(I) 10, the Group has no control over CLT in the disposal process of the two livestock vessels (regarded as relevant activity) following the commencement of the winding-up process.

Accordingly, the entire assets and liabilities related to the CLT Group are deconsolidated and the results for the current financial period was presented separately on the consolidated statement of comprehensive income as "Discontinued operations". The CLT Group was not previously presented as a discontinued operations for financial year 2021. Thus, the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. The change in presentation has no effect to the statement of comprehensive income of the Group.

11. DISCONTINUED OPERATIONS (CONTINUED)

(a) The results of the discontinued operations are as follows:

	GROUP	
	2022	2021
	$	$
Revenue	–	1,717,553
Expenses	(2,832,458)	(10,213,148)
Impairment loss	(5,830,486)	(7,193,211)
Other gains, net	2,148,071	1,046,741
Loss before and after tax	(6,514,873)	(14,642,065)
Loss on deconsolidation	(10,127,010)	–
Loss from discontinued operations	(16,641,883)	(14,642,065)
Loss attributable to non-controlling interests	(3,439,448)	(4,698,034)
Loss attributable to equity holders of the Company	(13,202,435)	(9,944,031)

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	2022	2021
	$	$
Operating cash inflows	1,378,227	671,641
Investing cash outflows	(20,678)	(877,808)
Financing cash outflows	(1,344,628)	–
Total cash outflows	12,921	(206,167)

(c) The effects of the loss from discontinued operations were as follows:

	2022	2021
	$	$
Depreciation (Note 18)	(2,224,918)	(3,072,186)
Interest expenses	(295,387)	(558,018)
Impairment loss on property, plant and equipment (Note 18)	(5,830,487)	(7,193,211)
Credit allowance– trade receivables	(83,627)	(2,283,583)
Recovery from insurance claims	2,376,619	–

11. DISCONTINUED OPERATIONS (CONTINUED)

(d) The net liabilities of CLT Group were as follows:

	$
Assets	
Cash and bank balances	18,222
Trade and other receivables	2,288,095
Inventories	4,998
Property, plant and equipment	8,098,034
Total assets	10,409,349
Liabilities	
Trade and other payables	(45,842,359)
Borrowings (Note 21(c))	(2,024,562)
Total liabilities	(47,866,921)
Net liabilities derecognised	(37,457,572)
Loss on deconsolidation	
Net liabilities derecognised (as above)	37,457,572
Non-controlling interest derecognised	(11,237,272)
Reclassification from currency translation reserve	(407,601)
Impairment of receivables due from CLT Group	(35,939,709)
Loss on deconsolidation	(10,127,010)

Impairment losses recognised during the year

Property, plant and equipment

During the year, the Group carried out a review of the recoverable amount of the two livestock vessels as there were indicators of impairment. The Group has determined to discontinue the operation of two livestock vessels following the strategic review conducted by the Board. An impairment loss of $5,830,486, representing the write-down of the vessels to their recoverable amounts was recognized in “Discontinued operations” line in the consolidated statement of comprehensive income. The recoverable amounts of the vessels were based on fair value less cost of disposal.

The fair values were determined by an external valuer and management had estimated the cost of disposal. The directors and management reviewed the suitability of the engaged valuer, taking into consideration of the competency and qualification of the valuer. The fair value less cost of disposal of two livestock vessels were determined based on market approach and appropriate adjustments were made for type, age, size and condition. The fair value measurement is categories as Level 3 of the fair value hierarchy.

Unsecured receivable balance due from CLT Group

During the year, the Group write off $35,939,709 of unsecured receivable balance due from CLT Group. In consideration of its financial position and subsequent events as disclosed elsewhere in these financial statements, the Group assessed that there was no reasonable expectation of recovery.

12. LOSS PER SHARE

	CONTINUING OPERATIONS		DISCONTINUED OPERATIONS	
	2022 $	2021 $ (RESTATED)	2022 $	2021 $ (RESTATED)
(Loss)/profit attributable to equity holders of the Company ($)	(8,627,036)	(3,282,693)	(13,202,435)	(9,944,031)
Weighted average number of ordinary shares for basic earnings per share	199,210,406	151,610,406	199,210,406	151,610,406
Basic (loss)/profit per share (cents per share)	(4.33)	(2.17)	(6.63)	(6.56)
Diluted (loss)/profit per share (cents per share)	(4.33)	(2.17)	(6.63)	(6.56)

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

The Group has no potential dilutive shares as at 31 December 2022.

13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022 $	2021 $	2022 $	2021 $
Cash at bank and on hand	6,411,708	6,744,033	210,058	1,969,549
Short-term bank deposits	300,000	300,000	–	–
	6,711,708	7,044,033	210,058	1,969,549

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

	GROUP	
	2022 $	2021 $
Cash and bank balances	6,711,708	7,044,033
Less: Bank overdrafts (Note 21)	(2,351,311)	(2,392,255)
Cash and cash equivalents per consolidated statement of cash flows	4,360,397	4,651,778

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	$	$	$	$
Trade receivables				
– Subsidiary corporations	–	–	4,456,752	5,319,401
– Related parties	350	350	–	–
– Non–related parties	17,777,443	20,627,760	–	–
	17,777,793	20,628,110	4,456,752	5,319,401
Less: Loss allowance (Note 29(b)(i))				
– Subsidiary corporations	–	–	(464,224)	–
– Non–related parties	(2,479,475)	(4,367,772)	–	–
Trade receivables – net	15,298,318	16,260,338	3,992,528	5,319,401
Non–trade receivables				
– Subsidiary corporations	–	–	59,888,257	88,474,051
– Non–related parties	279,948	3,398,586	9,281	9,280
	279,948	3,398,586	59,897,538	88,483,331
Less: Loss allowance (Note 29(b)(ii))				
– Subsidiary corporations	–	–	(21,165,667)	(30,501,172)
Non–trade receivables – net	279,948	3,398,586	38,731,871	57,982,159
Retentions	659,894	463,629	–	–
Deposits	959,280	566,432	152,277	274,000
Prepayments	399,310	500,130	3,920	2,700
	2,298,432	4,928,777	38,888,068	58,258,859
	17,596,750	21,189,115	42,880,596	63,578,260

The carrying amounts of the trade receivables of the Group include amounts of $4,752,677 (2021: $4,906,810) 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 borrowing. 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 $39,645,197 for the financial year 2021 due from certain subsidiary corporations borne fixed interest rate from the range of 3.27% to 6.08% per annum.

During the financial year ended 31 December 2022, the Company made an impairment loss of $22,586,891 (2021: $30,501,172) (Note29(b)(ii)).

15. INVENTORIES

	GROUP	
	2022	2021
	$	$
Construction materials and components	2,530,165	1,671,658
Consumables	–	136,229
Trading goods	898,217	1,705,423
	3,428,382	3,513,310

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $15,882,624 (2021: $1,507,386).

The Group recognised inventory written down of $35,183 (2021: $3,304) for inventories which were expected to be sold below the carrying amounts and written back of $9,382 (2021: $49,372). The amount recognised has been included in "cost of sales".

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	COMPANY	
	2022	2021
	$	$
Equity investments at cost		
Beginning of financial year	5,108,434	5,108,334
Acquisition of non–controlling interest	–	100
End of financial year	5,108,434	5,108,434
Less: Impairment loss	(400,000)	–
Net carrying value	4,708,434	5,108,434

IMPAIRMENT LOSS

In view of the subsidiary corporation, CLT, commenced the creditor's liquidation process, the management assessed that the recoverable amount of the investment is nil and hence, a full impairment is recognised for the investment in livestock vessels business.

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations as at 31 December 2022 and 2021 are as follows:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	INTEREST HELD BY THE PARENT		EFFECTIVE INTEREST HELD BY THE GROUP	
			2022 %	2021 %	2022 %	2021 %
Subsidiary corporations held by the Company						
Nexus Sealand Trading Pte. Ltd. (1)	Supply and distribution of hardware equipment, tools and other products	Singapore	100	100	100	100
PT. Nexus Engineering Indonesia (7)	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	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	100
Nexus Hydrotech Pte. Ltd. (1)	Provision of corrosion prevention services (utilising hydro–jetting machines)	Singapore	100	100	100	100
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
Water and Environmental Technologies (WET) Pte. Ltd. (1)	Provision of research and development, and solution for waste management	Singapore	74	74	74	74

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For the Financial Year ended 31 December 2022

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

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

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	INTEREST HELD BY THE PARENT		EFFECTIVE INTEREST HELD BY THE GROUP	
			2022 %	2021 %	2022 %	2021 %
Subsidiary corporations held by the Company (continued)						
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
Picco Enterprise Pte. Ltd. [(1)]	Supply and distribution of beverage products	Singapore	–	–	100	100
OneHub Tank Coating Pte. Ltd. [(1)]	Provision for internal tank coating services	Singapore	–	–	100	100
Held by Pangco Pte. Ltd.						
PT. Berger Batam [(2)]	Provision of corrosion prevention services	Indonesia	–	–	51[(4)]	51[(4)]
Held by Quill Marine Pte. Ltd.						
Drako Shipping Pte. Ltd. [(1)]	Provision of freight transport services	Singapore	–	–	100	100
Cattle Line Two Pte. Ltd. [(8)]	Provision of freight transport services	Singapore	–	–	–	70
Drink Splash Pte. Ltd. [(5)(6)]	Provision of freight transport services	Singapore	–	–	51	51

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

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

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	INTEREST HELD BY THE PARENT		EFFECTIVE INTEREST HELD BY THE GROUP	
			2022 %	2021 %	2022 %	2021 %
Held by Drako Shipping Pte. Ltd.						
PT. Marina Shipping [(5)]	Provision of freight transport services	Indonesia	–	–	100	100
Held by Cattle Line Two Pte. Ltd.						
Cattle Line One Pte. Ltd. [(8)]	Provision of freight transport services	Marshall Islands	–	–	–	70
Held by International Offshore Equipments Pte. Ltd.						
International Offshore Equipment Canada Inc. [(5)]	Design, manufacture and fabricate offshore equipment and ship parts	Canada	–	–	51	51
Held by Asian Sealand Offshore and Marine Pte. Ltd.						
ASIC Engineering Sdn Bhd [(3)]	Provision of infrastructure engineering services	Malaysia	–	–	51	51
PBT Engineering Resources Pte Ltd [(1)]	Building and repairing of ships, tankers and other ocean-going vessels.	Singapore	–	–	51	51

(1) Audited by CLA Global TS Public Accounting Corporation, (formerly Nexia TS Public Accounting Corporation), Singapore.
(2) Audited by KAP Hendrawinata Hanny Erwin & Sumargo, Indonesia for financial year 2022.
(3) Audited by S.H. Lim & Co., 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) Company is stuck-off on 6 Feb 2023.
(7) Audited by Charles & Nurlena, Indonesia for financial year 2022.
(8) Audited by CLA Global TS Public Accounting Corporation, Singapore for the purpose of consolidation for financial year 2022. Cattle Line Two Pte. Ltd. is in the process of liquidation.

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

CARRYING VALUE OF NON-CONTROLLING INTERESTS

	2022 $	2021 $
Cattle Line Two Pte. Ltd. and its subsidiary corporation	–	(7,924,553)
Asian Sealand Offshore and Marine Pte. Ltd.	3,971,695	3,102,578
International Offshore Equipments Pte. Ltd. and its subsidiary corporation	(6,520,298)	(5,596,173)
Other subsidiary corporations with immaterial non-controlling interest	1,380,773	1,404,316
	(1,167,830)	(9,013,832)

SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARY CORPORATIONS WITH MATERIAL NON-CONTROLLING INTERESTS

Set out below are 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.		CATTLE LINE TWO PTE. LTD. AND ITS SUBSIDIARY CORPORATION		INTERNATIONAL OFFSHORE EQUIPMENTS PTE. LTD. AND ITS SUBSIDIARY CORPORATION	
	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $
As at 31 December						
Current						
Assets	14,724,423	11,709,514	–	1,695,452	2,890,749	3,840,646
Liabilities	(6,400,945)	(4,744,969)	–	(44,127,906)	(14,598,986)	(13,707,060)
Total current net assets/(liabilities)	8,323,478	6,964,545	–	(42,432,454)	(11,708,237)	(9,866,414)
Non-current						
Assets	397,844	259,168	–	16,017,276	9,623	121,324
Liabilities	(610,825)	(727,104)	–	–	–	(56,780)
Total non-current net assets/(liabilities)	(212,981)	(467,936)	–	16,017,276	9,623	64,544
Net assets/(liabilities)	(8,110,497)	6,496,609	–	(26,415,178)	(11,698,614)	(9,801,870)

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME

	ASIAN SEALAND OFFSHORE AND MARINE PTE. LTD.		CATTLE LINE TWO PTE. LTD. AND ITS SUBSIDIARY CORPORATION		INTERNATIONAL OFFSHORE EQUIPMENTS PTE. LTD. AND ITS SUBSIDIARY CORPORATION	
	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$
Revenue	26,988,982	21,563,537	–	1,717,553	3,650,633	988,916
Profit/(loss) before income tax	5,751,553	4,641,405	–	(15,660,114)	(1,890,422)	(1,628,211)
Income tax expense	(941,298)	(646,803)	–	–	–	–
Profit/(loss) for the financial year	4,810,255	3,994,602	–	(15,660,114)	(1,890,422)	(1,628,211)
Profit/(loss) for the financial year allocated to non-controlling interest	2,357,025	1,957,355	–	(4,698,034)	(926,307)	(797,823)
Other comprehensive income/(loss)						
Currency translation differences	–	–	–	(98,914)	2,181	(724)
Total comprehensive income/ (loss) allocated to non-controlling interests	2,357,025	1,957,355	–	(4,796,948)	(924,126)	(798,547)
Dividends paid to non-controlling interests	1,566,220	784,000	–	–	–	–
Summarised cash flows						
Net cash generated from/(used in) operating activities	5,083,200	2,105,001	–	671,641	(32,684)	(287,214)
Net cash used in investing activities	(92,229)	(51,418)	–	(877,808)	(1,550)	–
Net cash (used in)/ generated from financing activities	(3,497,001)	(740,515)	–	–	15,112	231,120

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2022

17. INTANGIBLE ASSETS

	GROUP	
	2022	2021
	$	$
Goodwill arising on consolidation		
Cost		
Beginning and end of financial year	2,368,545	2,368,545
Accumulated impairment		
Beginning of financial year	(2,304,708)	(2,304,708)
Less: Impairment loss	(63,837)	–
End of financial year	(2,368,545)	(2,304,708)
Net carrying value	–	63,837

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2022

18. PROPERTY, PLANT AND EQUIPMENT

GROUP 2022	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 $	DRYDOCKINGS $	TOTAL $
Cost											
Beginning of financial year	2,128,051	2,272,081	18,742,040	409,026	19,024,995	2,224,933	18,605,441	41,786	55,650,368	7,720,854	126,819,575
Additions	170,236	144,439	61,394	173,590	2,180,933	–	–	–	–	30,110	2,760,702
Transfer of asset	–	–	–	41,786	–	–	–	(41,786)	–	–	–
Disposals	(468,201)	(6,347)	(633,041)	–	–	–	–	–	–	–	(1,107,589)
Written-off	(46,745)	(90,569)	(2,314,930)	(33,074)	(9,438,666)	–	–	–	–	–	(11,923,984)
Deconsolidation of subsidiary corporations	–	(1,607)	–	–	–	–	–	–	(40,679,993)	(7,284,632)	(47,966,232)
Currency translation differences	(17,986)	(33,063)	(212,473)	(4,533)	–	–	(235,492)	–	(188,776)	(8,873)	(701,196)
End 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
Accumulated depreciation and impairment losses											
Beginning of financial year	1,182,321	2,205,625	16,172,381	244,145	13,342,063	972,674	8,852,677	–	38,314,695	5,154,750	86,441,331
Depreciation charge (Notes 8 & 11)	170,865	83,167	997,609	65,943	1,732,490	80,634	853,389	–	1,404,065	1,256,517	6,644,679
Impairment charge (Notes 8 & 11)	–	–	–	–	–	–	–	–	4,898,552	1,380,409	6,278,961
Disposals	(380,279)	(6,348)	(322,343)	–	–	–	–	–	–	–	(708,970)
Written-off	(46,745)	(90,549)	(2,299,059)	(4,410)	(9,438,665)	–	–	–	–	–	(11,879,428)
Deconsolidation of subsidiary corporations	–	(1,605)	–	–	–	–	–	–	(32,581,961)	(7,284,632)	(39,868,198)
Currency translation differences	(10,365)	(33,063)	(200,179)	(4,533)	–	–	(131,558)	–	(253,752)	(59,383)	(692,833)
End 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
Net carrying value											
End of financial year	849,558	127,707	1,294,581	285,650	6,131,374	1,171,625	8,795,441	–	3,000,000	9,798	21,665,734

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2022

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP 2021	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	DRYDOCKINGS	TOTAL
	$	$	$	$	$	$	$	$	$	$	$
Cost											
Beginning of financial year	2,207,463	2,471,422	19,198,587	361,568	19,804,974	2,224,933	18,570,839	41,786	54,764,806	6,708,935	126,355,313
Additions	91,534	40,900	320,588	57,681	218,115	–	10,000	–	–	877,809	1,616,627
Disposals	(172,300)	(66,907)	(385,118)	–	–	–	–	–	–	–	(624,325)
Written-off	–	(176,873)	(414,110)	(10,616)	(998,094)	–	–	–	–	–	(1,599,693)
Currency translation differences	1,354	3,539	22,093	393	–	–	24,602	–	885,562	134,110	1,071,653
End of financial year	2,128,051	2,272,081	18,742,040	409,026	19,024,995	2,224,933	18,605,441	41,786	55,650,368	7,720,854	126,819,575
Accumulated depreciation and impairment losses											
Beginning of financial year	1,022,952	2,396,940	15,290,541	252,672	11,327,568	892,040	7,952,847	–	28,022,742	3,826,505	70,984,807
Depreciation charge (Notes 8 & 11)	194,933	48,298	1,518,727	1,696	2,014,495	80,634	886,916	–	2,305,807	1,247,634	8,299,140
Impairment charge (Notes 8 & 11)	–	–	–	–	–	–	–	–	7,543,211	–	7,543,211
Disposals	(36,571)	(66,870)	(243,359)	–	–	–	–	–	–	–	(346,800)
Written-off	–	(176,282)	(414,083)	(10,616)	–	–	–	–	–	–	(600,981)
Currency translation differences	1,007	3,539	20,555	393	–	–	12,914	–	442,935	80,611	561,954
End of financial year	1,182,321	2,205,625	16,172,381	244,145	13,342,063	972,674	8,852,677	–	38,314,695	5,154,750	86,441,331
Net carrying value											
End of financial year	945,730	66,456	2,569,659	164,881	5,682,932	1,252,259	9,752,764	41,786	17,335,673	2,566,104	40,378,244

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY 2022	MOTOR VEHICLES $	FURNITURE, FITTINGS AND EQUIPMENT $	FORKLIFTS, MACHINERY, TOOLS AND EQUIPMENT $	LEASEHOLD IMPROVEMENT AND RENOVATION $	LEASEHOLD BUILDING $	TOTAL $
Cost						
Beginning of financial year	595,191	705,913	1,994,438	57,681	2,207,882	5,561,105
Additions	88,400	82,731	–	100,259	230,083	501,473
Disposals	(159,300)	–	–	–	–	(159,300)
Written–off	–	(71,353)	(1,994,438)	–	(1,994,438)	(4,060,229)
End of financial year	524,291	717,291	–	157,940	443,527	1,843,049
Accumulated depreciation						
Beginning of financial year	244,110	692,764	1,717,433	1,696	1,729,630	4,385,633
Depreciation charge	59,602	7,932	277,005	40,563	394,924	780,026
Disposals	(102,218)	–	–	–	–	(102,218)
Written–off	–	(71,346)	(1,994,438)	–	(1,994,438)	(4,060,222)
End of financial year	201,494	629,350	–	42,259	130,116	1,003,219
Net carrying value						
End of financial year	322,797	87,941	–	115,681	313,411	839,830

COMPANY 2021	MOTOR VEHICLES $	FURNITURE, FITTINGS AND EQUIPMENT $	FORKLIFTS, MACHINERY, TOOLS AND EQUIPMENT $	LEASEHOLD IMPROVEMENT AND RENOVATION $	LEASEHOLD BUILDING $	TOTAL $
Cost						
Beginning of financial year	767,491	694,045	1,994,438	–	1,994,438	5,450,412
Additions	–	11,868	–	57,681	213,444	282,993
Disposals	(172,300)	–	–	–	–	(172,300)
End of financial year	595,191	705,913	1,994,438	57,681	2,207,882	5,561,105
Accumulated depreciation						
Beginning of financial year	193,338	688,924	1,052,620	–	1,052,620	2,987,502
Depreciation charge	87,343	3,840	664,813	1,696	677,010	1,434,702
Disposals	(36,571)	–	–	–	–	(36,571)
End of financial year	244,110	692,764	1,717,433	1,696	1,729,630	4,385,633
Net carrying value						
End of financial year	351,081	13,149	277,005	55,985	478,252	1,175,472

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(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 19(a).

(b) Assets held under leases

During the financial year the Group acquired property, plant and equipment with an aggregate cost of $2,760,702 (2021: $1,616,627) of which $2,282,333 (2021: $289,092) were acquired under leases and $478,369 (2021: $1,327,535) were paid by cash.

(c) Assets pledged as security

The Group's leasehold land, building, yard development and vessels with carrying amounts of $3,670,042 (2021: $33,156,505) are mortgaged to secure the Group's bank borrowings (Note 21 (a)).

(d) Impairment loss recognised during the year

Included in the impairment loss during the year, there is an impairment loss of $5,830,486 recognised to write down livestock vessels of CLT Group. Details of impairment loss refer to Note 11.

19. LEASES– THE GROUP AS A LESSEE

The Group leases offices, a warehouse with workers' dormitory 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	
	2022	2021
	$	$
Forklifts, machinery, tools and equipment	–	277,005
Leasehold building	1,503,759	586,081
	1,503,759	863,086

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

(b) Depreciation charge during the year

	GROUP	
	2022	2021
	$	$
Forklifts, machinery, tools and equipment	277,005	664,813
Leasehold building	1,263,255	1,545,338
	1,540,260	2,210,151

(c) Interest expense

	GROUP	
	2022	2021
	$	$
Interest expense on lease liabilities (Note 9)	119,862	181,201

(d) Lease expense not capitalised in lease liabilities

	GROUP	
	2022	2021
	$	$
Lease expense– short–term lease	1,684,871	784,907
Lease expense– low–value lease	1,260	7,052
Total (Note 6)	1,686,131	791,959

(e) Total cash outflow for all the leases in 2022 was $3,503,887 (2021: $2,732,767).

(f) Addition of ROU assets during the financial year 2022 was $2,180,933 (2021: $289,092).

(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.

20. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	$	$	$	$
Current				
Trade payables				
– Related parties	8,737	21,832	–	16,104
– Non-related parties	9,334,468	11,779,883	112,894	218,189
	9,343,205	11,801,715	112,894	234,293
Non-trade payables				
– Subsidiary corporations	–	–	25,081,143	23,581,358
– Related party	280,000	500,000	280,000	500,000
– Non-related parties	7,640,688	11,605,327	4,052,452	3,330,185
	7,920,688	12,105,327	29,413,595	27,411,543
Accruals for operating expenses	7,175,796	7,727,748	3,322,959	2,817,166
Accruals for project expenses	4,281,554	1,484,838	–	–
	11,457,350	9,212,586	3,322,959	2,817,166
	28,721,243	33,119,628	32,849,448	30,463,002
Non-current				
Trade payables				
– Non-related parties	–	619,009	–	–
Total trade and other payables	28,721,243	33,738,637	32,849,448	30,463,002

At 31 December 2021, included in trade payables of the Group due to non-related parties was $267,658 bears an interest of 8% per annum and was payable by monthly instalments of $16,706 until 31 May 2023. The balance was settled during year.

At 31 December 2021, included in non-trade payables of the Group was a loan of $905,278 received from a non-related party which borne fixed interest at 8% and 30% per annum and was payable on demand. The balance was de-consolidated from the Group during the year.

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 is payable within a year.

At 31 December 2021, the fair values of non-current trade payables were computed based on cash flows discounted at market borrowing rates. The fair values were within level 3 of the fair value hierarchy.

At 31 December 2021, the fair value of non-current payables of $580,511 is determined from the adjusted future cash flows discounted at the market interest rate per annum of an equivalents instruments at the reporting date of 5.25% per annum which the directors expect to be available to the Group.

21. BORROWINGS

	GROUP		COMPANY	
	2022	2021	2022	2021
	$	$	$	$
Current				
Bank borrowings	10,931,279	14,589,123	4,757,303	5,576,375
Financial guarantee	2,024,562	–	2,024,562	–
Bank overdrafts (Note 13)	2,351,311	2,392,255	1,959,057	1,999,015
Bills payable	760,535	738,180	–	–
Lease liabilities	1,136,276	905,417	183,514	697,294
	17,203,963	18,624,975	8,924,436	8,272,684
Non-current				
Bank borrowings	508,474	2,628,461	–	507,221
Bond (Note 22)	3,678,829	3,548,329	3,678,829	3,548,329
Lease liabilities	798,945	445,365	274,575	243,013
	4,986,248	6,622,155	3,953,404	4,298,563
Total borrowings	22,190,211	25,247,130	12,877,840	12,571,247

A provision for financial guarantee was recognised during the year relating to corpore guarantee issued to the bank for borrowings of CLT. Details on credit risk of financial guarantee refers to Note 29(b)(iii).

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	
	2022	2021	2022	2021
	$	$	$	$
6 months or less	12,541,610	16,640,820	6,205,907	7,056,817
6– 12 months	787,500	356,250	–	–
1– 5 years	–	1,409,375	–	–
	13,329,110	18,406,445	6,205,907	7,056,817

21. BORROWINGS (CONTINUED)

(a) Security granted

Total borrowings included amounts of $ 2,005,123 (2021: $7,206,975) and $275,466 (2021: $1,032,128) 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 leasehold land, building, yard development and vessels (Note 18(c)) and bank deposits.

The bank overdrafts, bills payable and other short-term bank borrowings were supported by corporate guarantees given by the Company (Note 29(b)(iii)).

(b) Fair value of non–current borrowings

	GROUP		COMPANY	
	2022	2021	2022	2021
	$	$	$	$
Bank borrowings	473,468	2,517,416	–	494,155
Bond	3,348,605	3,078,861	3,348,605	3,078,861

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	
	2022	2021	2022	2021
	%	%	%	%
Bank borrowings	5.98	5.25	–	5.25
Bond	10.00	10.00	10.00	10.00

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

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For the Financial Year ended 31 December 2022

21. BORROWINGS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

				NON-CASH CHANGES				
	1 JANUARY 2022	PROCEEDS FROM BORROWINGS	PRINCIPAL AND INTEREST PAYMENTS	ADDITION (NOTE 18(B))	DE-CONSOLIDATION OF SUBSIDIARY CORPORATIONS	INTEREST EXPENSE (NOTE 9)	OTHERS	31 DECEMBER 2022
	$	$	$	$	$	$	$	$
Bank borrowings	17,217,584	16,388,800	(21,267,189)	–	(2,024,562)	1,025,128	99,992	11,439,753
Lease liabilities	1,350,782	–	(1,817,756)	2,282,333	–	119,862	–	1,935,221
Bond	3,548,329	–	(184,500)	–	–	315,000	–	3,678,829
	22,116,695	16,388,800	(23,269,445)	2,282,333	(2,024,562)	1,459,990	99,992	17,053,803

				NON-CASH CHANGES				
	1 JANUARY 2021	PROCEEDS FROM BORROWINGS	PRINCIPAL AND INTEREST PAYMENTS	ADDITION (NOTE 18(B))	WRITTEN OFF	INTEREST EXPENSE (NOTE 9)	OTHERS	31 DECEMBER 2021
	$	$	$	$	$	$	$	$
Bank borrowings	16,953,910	16,167,800	(17,281,509)	–	–	1,311,736	65,647	17,217,584
Lease liabilities	4,573,060	–	(2,650,560)	289,092	(1,042,011)	181,201	–	1,350,782
Bond	4,194,825	–	(500,000)	–	–	350,630	(497,126)	3,548,329
	25,721,795	16,167,800	(20,432,069)	289,092	(1,042,011)	1,843,567	(431,479)	22,116,695

22. BONDS

The Bonds bear a fixed interest rate of 9% per annum and mature on 5 November 2024 for redemption. Interest is payable semi–annually in arrears.

23. 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		COMPANY	
	2022 $	2021 $	2022 $	2021 $
Deferred income tax assets	(679,011)	(956,497)	–	(16,790)
Deferred income tax liabilities	10,460	15,810	–	–
Net deferred tax assets	(668,551)	(940,687)	–	(16,790)

Movement in deferred income tax account is as follows:

	GROUP		COMPANY	
	2022 $	2021 $	2022 $	2021 $
Beginning of financial year	(940,687)	(854,910)	(16,790)	(14,590)
Tax charged/(credited) to profit or loss (Note 10)	272,136	(85,777)	16,790	(2,200)
End of financial year	(668,551)	(940,687)	–	(16,790)

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				
2022				
Beginning of financial year	(247,649)	(67,374)	(670,134)	(985,157)
Charged to profit or loss	175,599	38,614	72,043	286,256
End of financial year	(72,050)	(28,760)	(598,091)	(698,901)
2021				
Beginning of financial year	(209,190)	(57,118)	(641,492)	(907,800)
Credited to profit or loss	(38,459)	(10,256)	(28,642)	(77,357)
End of financial year	(247,649)	(67,374)	(670,134)	(985,157)

23. DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets: (continued)

	ACCELERATED TAX DEPRECIATION $	ALLOWANCE FOR IMPAIRMENT $	TAX LOSSES $	TOTAL $
Company				
2022				
Beginning of financial year	–	(16,420)	–	(16,420)
Charged to profit or loss	–	16,420	–	16,420
End of financial year	–	–	–	–
2021				
Beginning of financial year	–	(15,460)	–	(15,460)
Credited to profit or loss	–	(960)	–	(960)
End of financial year	–	(16,420)	–	(16,420)

Deferred income tax liabilities:

	ACCELERATED TAX DEPRECIATION 2022 $	ACCELERATED TAX DEPRECIATION 2021 $
Group		
Beginning of financial year	44,470	52,890
Credited to profit or loss	(14,120)	(8,420)
End of financial year	30,350	44,470
Company		
Beginning of financial year	(370)	870
Charged/(credited) to profit or loss	370	(1,240)
End of financial year	–	(370)

23. DEFERRED INCOME TAX (CONTINUED)

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

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $25,032,000 (2021: $23,292,000) and $961,000 (2021: $455,000) 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 $10,558,000 (2021: $8,880,000) relating to an Indonesian company which will expire between year 2023 to 2027 (2021: year 2022 to 2026).

24. SHARE CAPITAL

	GROUP AND COMPANY	
	NO. OF ORDINARY SHARES	AMOUNT $
2022		
Beginning and end of financial year	199,210,406	54,124,399
2021		
Beginning of financial year	135,010,406	49,651,347
Issuance of new ordinary shares [(a), (b)]	64,200,000	4,698,000
Share issue expenses	–	(224,948)
End of financial year	199,210,406	54,124,399

(a) In July 2021, the Company allotted and issued 27,000,000 new ordinary shares at $0.05 per shares to subscribers pursuant placement exercise for a total consideration of $1,350,000.

(b) In December 2021, the Company allotted and issued 37,200,000 new ordinary shares at $0.09 per shares to subscribers pursuant placement exercise for a total consideration of $3,348,000.

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.

25. OTHER RESERVES

(a) Composition:

	GROUP	
	2022	2021
	$	$
Currency translation reserve	(1,891,837)	(2,008,918)
Premium paid on acquisition of non-controlling interests	(28,816)	(28,816)
	(1,920,653)	(2,037,734)

(b) Movements:

(i) Currency translation reserve

	GROUP	
	2022	2021
	$	$
Currency translation reserve		
Beginning of financial year	(2,008,918)	(1,849,862)
Net currency translation differences of financial statements of foreign subsidiary corporations	538,701	(248,094)
Currency translation differences arising from deconsolidation of subsidiary corporations reclassified to profit or loss	(407,561)	–
Less: Non-controlling interests	(14,059)	89,038
End of financial year	(1,891,837)	(2,008,918)

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	
	2022	2021
	$	$
Beginning of financial year	(28,816)	(52,267)
Acquisition of additional interest in subsidiary corporation (Note 16)	–	23,451
End of financial year	(28,816)	(28,816)

Other reserves are non-distributable.

26. ACCUMULATED LOSSES

Movement in accumulated losses for the Company is as follows:

	COMPANY	
	2022	2021
	$	$
Beginning of financial year	(25,310,143)	3,988,250
Net loss	(25,902,626)	(29,298,393)
End of financial year	(51,212,769)	(25,310,143)

27. CONTINGENT LIABILITIES

(a) Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of certain subsidiary corporations. These bank borrowings amount to $6,105,714 (2021: $11,140,951) (Note 29(b)). The Company has evaluated the fair values of the corporate guarantees and considered not material and is of the view that the consequential liabilities derived from its guarantee 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.

28. COMMITMENTS

Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements are as follows:

	GROUP	
	2022	2021
	$	$
Property, plant and equipment	128,260	58,000

29. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Though the Group does not have written risk management policies and guidelines, 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.

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 and Indonesia. 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 2022	SGD $	USD $	IDR $	OTHERS $	TOTAL $
Financial assets					
Cash and cash equivalents	2,581,833	3,295,391	796,315	38,169	6,711,708
Trade and other receivables	6,211,135	8,880,030	2,092,783	13,492	17,197,440
Contract assets	2,286,115	3,034,902	1,984,415	–	7,305,432
Receivables from subsidiary corporations	85,584,917	175,899	1,780,645	–	87,541,461
	96,664,000	15,386,222	6,654,158	51,661	118,756,041
Financial liabilities					
Borrowings	(22,190,211)	–	–	–	(22,190,211)
Trade and other payables	(27,428,915)	(386,584)	(1,624,659)	(10,928)	(29,450,586)
Payables to subsidiary corporations	(85,584,917)	(175,899)	(1,780,645)	–	(87,541,461)
	(135,204,043)	(562,483)	(3,404,804)	(10,928)	(139,182,258)
Net financial (liabilities)/assets	(38,540,043)	14,823,739	3,249,354	40,733	(20,426,217)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	611,406	14,823,739	658,193	2,565	16,095,903

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

AT 31 DECEMBER 2021	SGD $	USD $	IDR $	OTHERS $	TOTAL $
Financial assets					
Cash and cash equivalents	5,231,373	1,041,717	727,989	42,954	7,044,033
Trade and other receivables	13,111,897	5,330,918	2,246,171	–	20,688,986
Contract assets	4,632,452	–	1,656,643	–	6,289,095
Receivables from subsidiary corporations	101,884,047	57,485	1,876,392	–	103,817,924
	124,859,769	6,430,120	6,507,195	42,954	137,840,038
Financial liabilities					
Borrowings	(22,007,840)	(3,239,290)	–	–	(25,247,130)
Trade and other payables	(32,068,385)	(148,971)	(777,591)	(743,690)	(33,738,637)
Payables to subsidiary corporations	(101,884,047)	(57,485)	(1,876,392)	–	(103,817,924)
	(155,960,272)	(3,445,746)	(2,653,983)	(743,690)	(162,803,691)
Net financial (liabilities)/assets	(31,100,503)	2,984,374	3,853,212	(700,736)	(24,963,653)
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	(38,433,083)	6,222,110	237,820	(4,313)	(31,977,466)

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For the Financial Year ended 31 December 2022

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 2022				31 DECEMBER 2021			
	SGD	USD	OTHERS	TOTAL	SGD	USD	OTHERS	TOTAL
	$	$	$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	205,315	4,743	–	210,058	1,967,963	1,586	–	1,969,549
Trade and other receivables	42,876,676	–	–	42,876,676	63,575,560	–	–	63,575,560
	43,081,991	4,743	–	43,086,734	65,543,523	1,586	–	65,545,109
Financial liabilities								
Borrowings	(12,877,840)	–	–	(12,877,840)	(12,571,247)	–	–	(12,571,247)
Trade and other payables	(32,819,230)	(18,213)	(12,005)	(32,849,448)	(30,449,715)	–	(13,287)	(30,463,002)
	(45,697,070)	(18,213)	(12,005)	(45,727,288)	(43,020,962)	–	(13,287)	(43,034,249)
Net financial assets	(2,615,079)	(13,470)	(12,005)	2,640,554	22,522,561	1,586	(13,287)	22,510,860
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(13,470)	(12,005)	(25,475)	–	1,586	(13,287)	(11,701)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the non-functional currencies changes against the respective functional currencies of the Group's entities by approximately 9% (2021: 2%) with all other variables including tax rate being held constant, the material effect arising from the net financial (liability)/asset denominated in foreign currencies are as follows:

	GROUP	
	2022	2021
	PROFIT OR LOSS INCREASE/(DECREASE)	
	$	$
USD against SGD		
– Strengthened	1,093,508	124,442
– Weakened	(1,093,508)	(124,442)
IDR against SGD		
– Strengthened	49,167	6,185
– Weakened	(49,167)	(6,185)
SGD against IDR		
– Strengthened	47,121	2,775
– Weakened	(47,121)	(2,775)
SGD against USD		
– Strengthened	–	(770,454)
– Weakened	–	770,454

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.

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.

	2022 $	2021 $
Group		
31 December		
Fixed rate		
Lease liabilities	1,935,221	1,350,783
Bonds	3,678,829	3,548,329
Bank borrowings	3,274,051	1,941,573
Floating rate		
Bank borrowings	10,217,264	15,276,010
Bank overdrafts	2,351,311	2,392,255
Bills payable	760,535	738,180
Company		
31 December		
Fixed rate		
Lease liabilities	458,090	940,306
Bonds	3,678,829	3,548,329
Bank borrowings	2,535,016	1,025,795
Floating rate		
Bank borrowings	4,246,850	5,057,801
Bank overdrafts	1,959,057	1,999,016

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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.

	INCREASE/(DECREASE) IN NET PROFIT			
	GROUP		COMPANY	
	100 BP INCREASE	100 BP DECREASE	100 BP INCREASE	100 BP DECREASE
	$	$	$	$
Floating rate instruments				
31 December 2022	(133,291)	133,291	(62,059)	62,059
31 December 2021	(184,064)	184,064	(70,568)	70,568

(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	
	2022	2020
	$	$
Corporate guarantees provided to banks on subsidiary corporations' bank borrowings (Note 27)	6,105,714	11,140,951

The trade receivables of the Group comprise of 2 debtors (2021: 2 debtors) that individually represented 13% and 24% (2021: 14% and 15%) of the trade receivables.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk

The credit risk for trade receivables based on the information provided by management is as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	$	$	$	$
By geographical areas				
– Singapore	7,495,403	6,791,834	3,401,609	4,728,482
– Indonesia	3,654,589	3,188,950	590,919	590,919
– Middle East	398,915	172,504	–	–
– Australia	–	2,272,636	–	–
– Europe	2,922,663	3,581,653	–	–
– United Kingdom	431,106	–	–	–
– Others	395,642	252,761	–	–
	15,298,318	16,260,338	3,992,528	5,319,401
By type of customers				
– Non-related parties	15,298,318	16,260,338	–	–
– Subsidiary corporations	–	–	3,992,528	5,319,401
	15,298,318	16,260,338	3,992,528	5,319,401

(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 invoice 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.

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 2022 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%	77%	
Trade receivables	3,421,158	2,132,517	3,608,042	362,736	1,647,901	11,172,354
Contract assets	6,026,524	–	–	–	–	6,026,524
Loss allowance	–	–	–	–	(1,267,830)	(1,267,830)
Corrosion prevention						
Expected loss rate	0%	0%	0%	0%	71%	
Trade receivables	1,343,705	1,012,515	1,755,894	192,282	330,587	4,634,983
Contract assets	920,895	–	–	–	–	920,895
Loss allowance	–	–	–	–	(235,572)	(235,572)
Supply and distribution						
Expected loss rate	0%	0%	0%	0%	98%	
Trade receivables	–	307,029	350,766	45,215	934,995	1,638,005
Loss allowance	–	–	–	–	(920,589)	(920,589)
Shipping						
Expected loss rate	0%	0%	0%	0%	43%	
Trade receivables	4,160	–	21,990	176,251	130,050	332,451
Contract assets	358,013	–	–	–	–	358,013
Loss allowance	–	–	–	–	(55,484)	(55,484)
Company						
Expected loss rate	0%	0%	0%	0%	13%	
Trade receivables	63,537	48,150	320,992	763,393	3,260,680	4,456,752
Loss allowance	–	–	(5,350)	(26,750)	(432,124)	(464,224)

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 2021 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%	83%	
Trade receivables	815,942	2,518,252	3,724,712	44,136	1,675,325	8,778,367
Contract assets	4,806,693	–	–	–	–	4,806,693
Loss allowance	–	–	–	–	(1,393,873)	(1,393,873)
Corrosion prevention						
Expected loss rate	0%	0%	0%	0%	60%	
Trade receivables	1,648,710	1,517,711	1,279,130	143,984	428,416	5,017,951
Contract assets	1,482,402	–	–	–	–	1,482,402
Loss allowance	–	–	–	–	(257,699)	(257,699)
Supply and distribution						
Expected loss rate	0%	0%	0%	0%	38%	
Trade receivables	249,907	229,354	164,180	145,247	1,031,209	1,819,897
Loss allowance	–	–	(224)	(123)	(390,561)	(390,908)
Shipping						
Expected loss rate	0%	0%	0%	0%	69%	
Trade receivables	188,255	–	384,617	1,073,444	3,365,579	5,011,895
Loss allowance	–	–	–	–	(2,325,292)	(2,325,292)
Company						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	272,122	249,417	879,837	806,245	3,111,780	5,319,401
Loss allowance	–	–	–	–	–	–

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 are as follows:

	TRADE RECEIVABLES $
Group	
31 December 2022	
Beginning of financial year	4,367,772
Allowance made (Note 6)	627,187
Allowance written back (Note 6)	(192,258)
Deconsolidation of subsidiary corporation	(2,285,502)
Currency translation differences	(37,724)
End of the financial year (Note 14)	2,479,475
31 December 2021	
Beginning of financial year	1,415,560
Allowance made (Note 6)	2,967,038
Allowance written back (Note 6)	(14,826)
End of the financial year (Note 14)	4,367,772

(ii) Non–trade receivables

Group

During the current financial year, the Group has recorded an impairment loss of $1,016,788 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.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

(ii) Non–trade receivables (continued)

Company

The Company provide for ECL 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 subsidiaries operate in.

	LIFETIME ECL $
31 December 2022	
Beginning of financial year	30,501,172
Allowance made	22,586,891
Allowance written off	(31,922,396)
End of the financial year (Note 14)	21,165,667
31 December 2021	
Beginning of financial year	–
Allowance made	30,501,172
End of the financial year (Note 14)	30,501,172

The Company considered using lifetime ECL for the non–trade receivables balances due from subsidiary corporations, which are the companies operating in shipping segment, and determined that the ECL is $22,586,891 after taking into consideration their adverse performance.

During the year, the Company write off $31,922,396 of non–trade receivables balances due from CLT Group. The amounts were unsecured and had been fully impaired in previous year. In consideration of its financial position and subsequent events as disclosed elsewhere in these financial statements, the Company assessed that there was no reasonable expectation of recovery.

Except for the above, the ECL is insignificant for the remaining non–trade receivables balances using 12–month ECL.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

(iii) Financial guarantee contracts

The Group has issued financial guarantees to banks for borrowings of its subsidiary corporations. These guarantees are subject to the impairment requirements of SFRS(I) 9.

In view of the CLT is in the process of liquidation and Notice of Default from UOB was received in subsequent to year–end, the management assessed that the exposure to credit risk of financial guarantee contract is significant and a provision for financial guarantee of $2,2024,561 is recognised during the year.

Other than the above, the Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(iv) Other financial assets

The Group and the Company held 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 losses 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 21) 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 13.

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 managed 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.

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 $
Group			
At 31 December 2022			
Trade and other payables	28,721,243	–	–
Lease liabilities	1,136,276	839,685	15,660
Borrowings	16,067,687	4,294,879	–
At 31 December 2021			
Trade and other payables	33,119,628	619,009	–
Lease liabilities	905,417	481,106	24,812
Borrowings	17,719,558	6,818,588	–

	LESS THAN 1 YEAR $	BETWEEN 1 TO 5 YEARS $	MORE THAN 5 YEARS $
Company			
At 31 December 2022			
Trade and other payables	32,849,448	–	–
Lease liabilities	183,514	296,763	–
Borrowings	8,740,922	3,766,671	–
Financial guarantee contracts	6,105,714	–	–
At 31 December 2021			
Trade and other payables	30,463,002	–	–
Lease liabilities	697,294	252,783	16,128
Borrowings	7,575,390	4,605,953	–
Financial guarantee contracts	11,140,951	–	–

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(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, cash and cash equivalents 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 year ended 31 December 2022 and financial year ended 31 December 2021.

The Group's overall strategy remains unchanged from 2021.

(e) Financial instruments by category

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

	GROUP		COMPANY	
	2022	2021	2022	2021
	$	$	$	$
Financial assets, at amortised cost	31,214,570	34,022,113	43,086,734	65,545,109
Financial liabilities at amortised cost	50,911,454	58,985,767	45,727,288	43,034,249

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(f) Fair value measurement

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

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	
	2022	2021
	$	$
Loan from a related party	250,000	500,000
Repayment of loan to a related party	470,000	–
Purchase of material and/or services from related parties	19,976	11,050
Professional fees paid to related parties	–	22,100

Related parties comprise of a firm of which an independent director is a partner of and companies controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2022, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 14 and 20 respectively.

Included in accruals for operating expenses as disclosed in Note 20 is related to Key Management Personnel expenses of $1,847,835 (2021: $1,847,835) which payable on demand.

On 17 December 2021, the Company issued and allotted 37,200,000 new ordinary shares in the capital of the Company at $0.09 per share by way of placement whereby a key management personnel has subscribed to 5,600,000 new placement of shares for $504,00

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

	GROUP	
	2022	2021
	$	$
Wages and salaries	2,135,913	1,547,187
Employer's contribution to defined contribution plans, including Central Provident Fund	169,162	152,969
Other short–term benefits	26,143	26,143
Director fee	146,000	114,400
	2,477,218	1,840,699
Directors of the Company	552,281	559,713
Directors of the subsidiaries	996,752	535,849
Executive officers of the Group	928,185	745,137
	2,477,218	1,840,699

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 Australia.

Business segments

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

(a) Infrastructure Engineering

This relates to the turnkey engineering services from planning, project management to implementation involving fabrication, corrosion prevention services for steel work structure, piping modules of oil rigs and jack–up rigs and construction of new vessels.

(b) Corrosion Prevention

This relates to the provision of corrosion prevention services, mainly blasting and painting services as part of the shipbuilding, ship conversion and ship repair activities in the marine, oil and gas and other industries.

31. SEGMENT INFORMATION (CONTINUED)

For management purposes, the Group organised their business units into five reportable operating segments as follows: (continued)

(c) Supply and Distribution

This relates to the supply and distribution of hardware equipment, tools and other products used in the marine, oil and gas, and construction industries.

(d) Shipping

This relates to the chartering of livestock carriers, and tugs and barges; and ship management services.

(e) Others

This relates to the provision of effective and efficient technological solution for water and waste water treatment; solid waste management; and other areas on recovery of natural resources.

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 2022

31. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board of Directors for the reportable segments is as follows:

	CONTINUING OPERATIONS						
	INFRASTRUCTURE ENGINEERING $	CORROSION PREVENTION $	SUPPLY AND DISTRIBUTION $	SHIPPING $	OTHERS $	TOTAL FOR CONTINUING OPERATIONS $	TOTAL FOR DISCONTINUED OPERATIONS $
2022							
Total segment sales	43,747,875	18,405,554	5,113,192	208,157	–	67,474,778	–
Inter–segment sales	(4,950,442)	(1,504,879)	(1,754,497)	(130,485)	–	(8,340,303)	–
Sales to external customers	38,797,433	16,900,675	3,358,695	77,672	–	59,134,475	–
Results:							
Segment results	4,398,270	3,394,363	(333,542)	(5,545,414)	(30,170)	1,883,507	(16,346,496)
Interest expense	(289,743)	(657,985)	(81,305)	(672,581)	–	(1,701,614)	(295,387)
Interest income	1,378	4,011	–	17	–	5,406	–
Profit/(loss) from operating segment	4,109,905	2,740,389	(414,847)	(6,217,978)	(30,170)	187,299	(16,641,883)
Unallocated administrative expenses						(5,735,264)	–
Loss before income tax						(5,547,965)	(16,641,883)
Income tax expense						(1,478,732)	–
Net loss						(7,026,697)	(16,641,883)
Profit/(loss) attributable to non–controlling interests						1,600,339	(3,439,448)
						(8,627,036)	(13,202,435)
Net loss includes:							
– Depreciation of property, plant and equipment	2,013,913	1,566,133	404,052	435,663	–	4,419,761	2,224,918
– Impairment of property, plant and equipment	–	–	–	448,474	–	448,474	5,830,487
– Credit loss allowance – non-trade receivables	1,016,788	–	–	–	–	1,016,788	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2022

31. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board of Directors for the reportable segments is as follows: (continued)

	CONTINUING OPERATIONS						
	INFRASTRUCTURE ENGINEERING $	CORROSION PREVENTION $	SUPPLY AND DISTRIBUTION $	SHIPPING $	OTHERS $	TOTAL FOR CONTINUING OPERATIONS $	TOTAL FOR DISCONTINUED OPERATIONS $
2021 (Restated)							
Total segment sales	30,817,177	18,191,907	5,830,617	585,045	–	55,424,746	1,717,553
Inter-segment sales	(1,095,223)	(1,063,035)	(1,822,186)	(130,464)	–	(4,110,908)	–
Sales to external customers	29,721,954	17,128,872	4,008,431	454,581	–	51,313,838	1,717,553
Results:							
Segment results	641,848	3,851,077	24,735	(780,046)	(23,449)	3,714,165	(14,084,047)
Interest expense	(204,517)	(467,137)	(168,273)	(944,849)	–	(1,784,776)	(558,018)
Interest income	1,432	5,217	–	(197)	–	6,452	–
Profit/(loss) from operating segment	438,763	3,389,157	(143,538)	(1,725,092)	(23,449)	1,935,841	(14,642,065)
Unallocated administrative expenses						(3,163,221)	–
Loss before income tax						(1,227,380)	(14,642,065)
Income tax expense						(933,092)	–
Net loss						(2,160,472)	(14,642,065)
Loss attributable to non-controlling interests						1,122,221	(4,698,034)
						(3,282,693)	(9,944,031)
Net loss includes:							
– Depreciation of property, plant and equipment	2,108,075	1,747,599	889,553	481,727	–	5,226,954	3,072,186
– Impairment of property, plant and equipment	–	–	–	350,000	–	350,000	7,193,211

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 $	SUPPLY AND DISTRIBUTION $	SHIPPING $	OTHERS $	TOTAL $
2022						
Segment assets	39,867,525	11,038,399	2,747,251	3,733,810	32	57,387,017
Segment assets include: –						
Additions to: Property, plant and equipment	384,188	1,527,695	818,709	30,110	–	2,760,702
Segment liabilities	(16,542,211)	(21,591,790)	(3,484,897)	(190,787)	(7,000)	(41,816,685)
2021						
Segment assets	37,375,127	13,584,349	3,805,264	24,659,090	10,302	79,434,132
Segment assets include: –						
Additions to: Property, plant and equipment	222,878	473,841	42,100	877,808	–	1,616,627
Segment liabilities	(15,407,959)	(19,399,239)	(3,823,877)	(12,181,623)	(7,695)	(50,820,393)

(a) Reconciliations

(i) Segment results

	2022 $	2021 $
Loss before income tax from continuing operations	(5,547,965)	(1,227,380)
Finance expenses	1,701,614	1,784,776
Interest income	(5,406)	(6,452)
Unallocated administrative expenses	5,735,264	3,163,221
Segment results from continuing operations	1,883,507	3,714,165

(ii) 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, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments.

(iii) Segment liabilities

The amounts provided to the management with respect to total assets 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 other than certain borrowings.

31. SEGMENT INFORMATION (CONTINUED)

(a) Reconciliations (continued)

(iii) Segment liabilities (continued)

Segment liabilities are reconciled to total liabilities as follows:

	2022 $	2021 $
Segment liabilities for reportable segments	41,809,685	50,812,698
Other segment liabilities	7,000	7,695
Unallocated:		
Borrowings	10,594,514	9,771,532
	52,411,199	60,591,925

(b) Geographical information

The Group's five business segments operate in three 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, supply and distribution, and investment holdings;
- Indonesia – the operations in this area relate to all the reportable segments;
- Europe – the operations in this area relate to infrastructure engineering segments in Netherland and Switzerland; and
- Other countries – the operations include the shipping in Australia and the infrastructure engineering in Switzerland, Canada, South Africa and Malaysia.

Revenues from the external customers of the Group were 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	
	2022 $	2021 $
Continuing operations		
Singapore	29,654,706	31,024,095
Europe	15,553,998	9,954,347
Indonesia	6,657,391	5,435,775
United Kingdom	5,050,164	3,460,738
Middle East	1,396,499	629,095
Others	821,717	809,789
	59,134,475	51,313,839
Discontinued operations		
Australia	–	1,717,553
	59,134,475	53,031,392

31. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information (continued)

	NON-CURRENT ASSETS	
	2022 $	2021 $
Singapore	3,542,005	3,742,563
Indonesia	18,802,740	21,638,221
Australia	–	16,017,276
Others	–	518
	22,344,745	41,398,578

(c) Revenue from major services and customers

Revenue from external customers is derived from all reportable segments as disclosed in Note 5.

Revenue from two major customers amounted to $23,280,781 (2021: $19,528,453), arising from sales by both the corrosion prevention and infrastructure engineering segments.

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and 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 2023 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2023

- SFRS(I) 17: Insurance Contracts
- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 16: Lease liability in a sale and leaseback
- Amendments to SFRS(I) 1-1: Non-current liabilities with covenants

Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28

33. SUBSEQUENT EVENT

Subsequent to year–end, on 17 January 2023, the Group received the court order from High Court of Singapore to wind up Cattle Line Two Pte. Ltd. ("CLT") resulted from creditor winding up application filed by a creditor.

34. 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 12 April 2023.

SUSTAINABILITY STATEMENT

The Group will be publishing its standalone FY2022 Sustainability Report (the "SR") by 28 April 2023, disclosing the sustainability practices and performance of the Group from 1 January 2022 to 31 December 2022. The SR will be prepared in accordance with the Global Reporting Initiative ("GRI") Standards. For the upcoming SR, we have transitioned to the latest version of the GRI Standards– the GRI Universal Standards 2021. The report also complies 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.

Our SR will detail the Group's sustainability governance structure, stakeholder engagement efforts as well as our materiality determination process and results, thereby demonstrating our commitment to disclosing information on our sustainability programme in a transparent and timely manner. At our Group, we are dedicated to our long term sustainability as an organisation. This means that we integrate ESG (Environmental, Social, and Governance) principles and sustainable practices into everything we do, from our day-to-day operations to our strategic formulation. We are committed to fostering positive relationships with our stakeholders, by safeguarding the health and safety of our employees and stakeholders; giving back to the communities we operate in; and supporting efforts to reduce energy consumption.

In FY2022, we have continued to monitor and manage the following five key sustainability risks and opportunities:

Anti-Corruption

The Group takes a zero-tolerance stance on corruption. Under the guidance of the Code of Corporate Governance 2018 and the SGX listing rules, we have established policies on anti-corruption and whistle blowing to help us maintain high standards of corporate governance.

Occupational Health and Safety

Employees are the backbone of our organisation, and ensuring the health and safety of our employees is our top priority. We have established policies and procedures aimed at reducing the likelihood of health and safety concerns arising in the workplace and office.

Energy

Energy consumption is closely monitored by the Group to minimise the carbon footprint of our business operations. We urge our employees to actively engage in our environmentally friendly initiatives not just in the office, but at home as well. Moving forward, we will continue to implement feasible environment conservation measures in all our entities and strive to decrease our total energy consumption without negatively affecting our business activities.

Water

Even though water covers 71% of the Earth's surface, only 4% is considered drinkable. Therefore, water conservation is one of our top priorities to ensure sustainability. To achieve this goal, we are in the midst of adopting new technologies such as water-efficient fixtures, and regularly reminding employees to adopt water conservation practices.

Effluents and Waste

The Group has consistently employed the "Reduce, Reuse, Recycle" approach as the primary strategy to reduce effluents and waste discharge. Policies and procedures have been established and formalised for waste management as both hazardous and non-hazardous wastes are inevitable in our business operations. The selection of waste collectors, particularly for hazardous waste, is done with great care, taking into account factors such as their reputation and social responsibility.

SHAREHOLDING STATISTICS

as at 15 March 2023

Issued and fully paid	:	S$54,825,342.00
Number of shares	:	199,210,406
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 15 March 2023, 65.17% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	40	2.34	1,925	0.00
100– 1,000	105	6.15	64,250	0.03
1,001 - 10,000	864	50.65	4,226,300	2.12
10,001 - 1,000,000	665	38.98	47,460,075	23.83
1,000,001 and above	32	1.88	147,457,856	74.02
	1,706	100.00	199,210,406	100.00

SHAREHOLDING STATISTICS

as at 15 March 2023

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	CHAN KWAN BIAN	27,305,575	13.71
2	DBS NOMINEES PTE LTD	11,517,500	5.78
3	LIM CHEE SAN	9,800,000	4.92
4	CHUA BENG KUANG	9,066,875	4.55
5	CHUA MENG HUA	8,829,875	4.43
6	CHUA BENG YONG	8,729,875	4.38
7	MAYBANK SECURITIES PTE. LTD.	8,713,531	4.37
8	YONG JIUNN RUN	8,000,000	4.02
9	CHUA BENG HOCK	6,329,875	3.18
10	TAN ONG HUAT	4,596,125	2.31
11	TEO GIM KIM	4,500,000	2.26
12	LEE YEOW LENG RONALD	4,003,800	2.01
13	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,518,150	1.77
14	GAN HUAT SENG @ GAN GUAT SENG	3,325,000	1.67
15	YEO CHUNG SUN	3,250,000	1.63
16	SOON KONG ANN	2,800,000	1.40
17	RAFFLES NOMINEES (PTE) LIMITED	2,423,125	1.22
18	NGIN TEO MEE	2,122,300	1.06
19	OCBC SECURITIES PRIVATE LTD	2,073,750	1.04
20	PHILLIP SECURITIES PTE LTD	1,706,300	0.86
		132,611,656	66.57

SUBSTANTIAL SHAREHOLDERS

	NO. OF SHARES		
	DIRECT INTERESTS	DEEMED INTERESTS	%
CHAN KWAN BIAN	27,305,575	–	13.71

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of BENG KUANG MARINE LIMITED (the "**Company**") will be held at 2 Venture Drive #09-22, Vision Exchange, Singapore 608526 on Thursday, 27 April 2023 at 11.00 a.m., to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2022 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr. Chua Meng Hua, a Director retiring pursuant to Regulation 107 of the Company's Constitution. **(Resolution 2)**

   [See Explanatory Note 1]

3. To approve the payment of Directors' fees of S$146,000 (FY2021: S$114,400) for the financial year ended 31 December 2022. **(Resolution 3)**

4. To re-appoint Messrs CLA Global TS Public Accounting Corporation (formerly known as "Nexia TS Public Accounting Corporation") as auditors of the Company and to authorise the Directors to fix its remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolution which will be proposed as Ordinary Resolution, with or without amendments: **(Resolution 5)**

   Authority to allot and issue shares

   "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 2]

NOTICE OF ANNUAL GENERAL MEETING

6. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Wee Woon Hong
Company Secretary

Singapore

13 April 2023

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. The proposed Ordinary Resolution 5, 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.

Notes:

(i) The shareholders of the Company are invited to **attend physically** at the AGM. There will be no option for shareholders of the Company to participate virtually. Printed copies of this notice of AGM and the accompanying Annual Report and Proxy Form will NOT be sent to shareholders. Instead, these documents will be made available to shareholders solely by electronic means via publication on the SGXNET at https://www.sgx.com/securities/company-announcements and the Company's website at https://www.bkmgroup.com.sg/investor-relation.

(ii) Shareholders may submit questions relating to the Annual Report and resolutions set out in this notice of AGM in advance:

(a) by email to william.lee@bkmgroup.com.sg; or
(b) by post to the office of the Company at 2 Venture Drive, #14-15 Vision Exchange, Singapore 608526.

All questions must be submitted by 21 April 2023.

Shareholders, including CPF and SRS investors, who wish to submit their questions by post or by email are required to indicate their full names (for individuals)/company names (for corporates), NRIC/passport/company registration numbers, contact numbers, shareholding types and number of Shares held together with their submission of questions, to the office address or email address provided. Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), excluding CPF and SRS investors, should contact their respective relevant intermediaries to submit their questions based on the abovementioned instructions.

The Company will endeavour to address the substantial and relevant questions from shareholders soonest possible and in any case, not later than 48 hours before the closing date and time for the lodgement of Proxy Forms. The responses to questions from shareholders will be posted on the SGXNET and the Company's website. Any subsequent clarifications sought by the shareholders after 21 April 2023 will be addressed at the AGM. The minutes of the AGM will be published on the SGXNET and the Company's website within one (1) month after the date of the AGM.

(iii) A shareholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such shareholder appoints 2 proxies, the proportion of his shareholding to be represented by each proxy shall be specified in Proxy Form.

A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such shareholder. Where such shareholder appoints more than one proxy, the number of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

(iv) A proxy need not be a shareholder of the Company.

(v) The Proxy Form, duly executed together with the power of attorney or other authority, if any, under which the Proxy Form is signed or a notarially certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted:

(a) by email to gpb@mncsingapore.com; or
(b) by post to the office of the Company at 2 Venture Drive, #14-15 Vision Exchange, Singapore 608526,

in each case, not less than 48 hours before the time appointed to hold the AGM, i.e. by 11.00 a.m. on 25 April 2023.

(vi) The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

(vii) Persons who hold Shares through relevant intermediaries (including CPF and SRS investors) and wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include CPF agent banks and SRS operators) through which they hold such Shares at least seven working days before the AGM to submit their voting instructions in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf.

(viii) A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depository to be entitled to attend and vote at the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); and (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior express 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.

BENG KUANG MARINE LIMITED
(Company Registration No.: 199400196M)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:
(a) 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.
(b) 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.
(c) 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 13 April 2023.

I/We*__________________(Name)________________NRIC/Passport number/Company RegistrationNo.*
of ____ (Address)
being a shareholder/shareholders* of **BENG KUANG MARINE LIMITED** (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholding	
		Number of Shares	**%**
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholding	
		Number of Shares	**%**
Address			

or failing him, the Chairman of the Annual General Meeting ("**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 Thursday, 27 April 2023 at 11.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, or 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/their* discretion, as he/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	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 2022 together with the Independent Auditor's Report thereon.			
2.	To re-elect Mr Chua Meng Hua, a Director retiring pursuant to Regulation 107 of the Company's Constitution.			
3.	To approve the payment of Directors' fees of S$146,000 (FY2021: S$114,400) for the financial year ended 31 December 2022.			
4.	To re-appoint Messrs CLA Global TS Public Accounting Corporation (formerly known as "Nexia TS Public Accounting Corporation") as auditors of the Company and to authorise the Directors to fix its remuneration.			
	Special Business			
5.	Authority to allot and issue shares.			

* *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 ___________ 2023

Total number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature or Common Seal of Shareholder(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

IMPORTANT

1. If the shareholder has shares entered against his name in the Depository Register, he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members, he should insert that number of shares. If the shareholder has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the shareholder.

2. A shareholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such shareholder appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this Proxy Form. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this Proxy Form.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

3. A proxy need not be a shareholder of the Company.

4. This Proxy Form, duly executed must be submitted (a) by email to gpb@mncsingapore.com; or (b) by post to the office of the Company at 2 Venture Drive, #14-15 Vision Exchange, Singapore 608526, in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. 11.00 a.m. on 25 April 2023.

5. The appointment of a proxy or proxies shall not preclude a shareholder from attending and voting in person at the AGM. If a shareholder attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.

6. This Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

7. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

8. A corporation which is a shareholder may authorise by a 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.

9. Persons who hold shares through relevant intermediaries (including CPF and SRS investors) and wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include CPF agent banks and SRS operators) through which they hold such shares at least seven working days before the AGM to submit their voting instructions in order to allow sufficient time for their respective relevant intermediaries to in turn submit this Proxy Form to appoint the Chairman of the AGM to vote on their behalf.

10. The Company shall be entitled to reject this Proxy Form 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 this Proxy Form (including any related attachment). In addition, in the case of a shareholder whose shares are entered in the Depository Register, the Company may reject any Proxy Form 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 The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:
By submitting this proxy form appointing a proxy, the shareholder is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of AGM dated 13 April 2023.

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BENG KUANG GROUP

BENG KUANG MARINE LIMITED

COMPANY REG NO.: 199400196M

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