MUN SIONG ENGINEERING LIMITED

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ANNUAL REPORT 2024

FUTURE

THE

SHAPING

SUCCESS

CONSTRUCTING

CONTENTS

Our Philosophy

Our belief remains the same since our founding time - deliver the best timely and safe competitive solutions. We believe that credibility is the essence of every business. Thus, we strive to fulfill our clients' requirements, while adapting ourselves in different circumstances to deliver the best at all times.

Our Vision

We will become the preferred and most trusted turnkey solution provider to customers, colleagues, investors, business partners, and the communities where we work and live.

Our Mission

We dedicate ourselves to be the preferred service provider that thrives on cutting edge Technology, Safety, Quality and Competitive Solutions to achieve customer satisfaction.

CORPORATE PROFILE

Mun Siong Engineering Limited, established in 1969, has over 56 years of industry leadership. As a Group, we specialize in providing comprehensive Turnkey Mechanical Services, Plant Maintenance, and a range of highly efficient, in-house specialized solutions. We are committed to integrating multi-disciplinary technical expertise with a strong focus on safety, efficiency, quality, and environmental sustainability. As a leading provider of construction and integrated maintenance services in both Asia and the USA, our Group serves a variety of industries, including oil & gas, petrochemical, energy, chemicals, power generation and construction. We offer a complete, one-stop solution for all our clients' needs, covering engineering, procurement, fabrication, construction, and maintenance services for process plants, alongside specialized products and tailored solutions.

CORPORATE ROADMAP

1969

Incorporated Mun Siong Engineering Pte Ltd

1980

Expanded overseas to execute projects in Malaysia and Indonesia

2000

Acquired OHM Engineering to provide E&I Services

2010

Listed on SGX mainboard: Mun Siong Engineering Limited

2011

Acquired Wing Wah Industrial Services Pte Ltd to enhance our Rotating Equipment capabilities

CORPORATE ROADMAP

2018

Integration of OHM Engineering E & I Services into Mun Siong

2019

Incorporated a Taiwan branch office

Incorporated HIMS Integrated Services Sdn Bhd in Malaysia

2020

Incorporated Pegasus Advance Engineering Sdn Bhd in Malaysia

2022

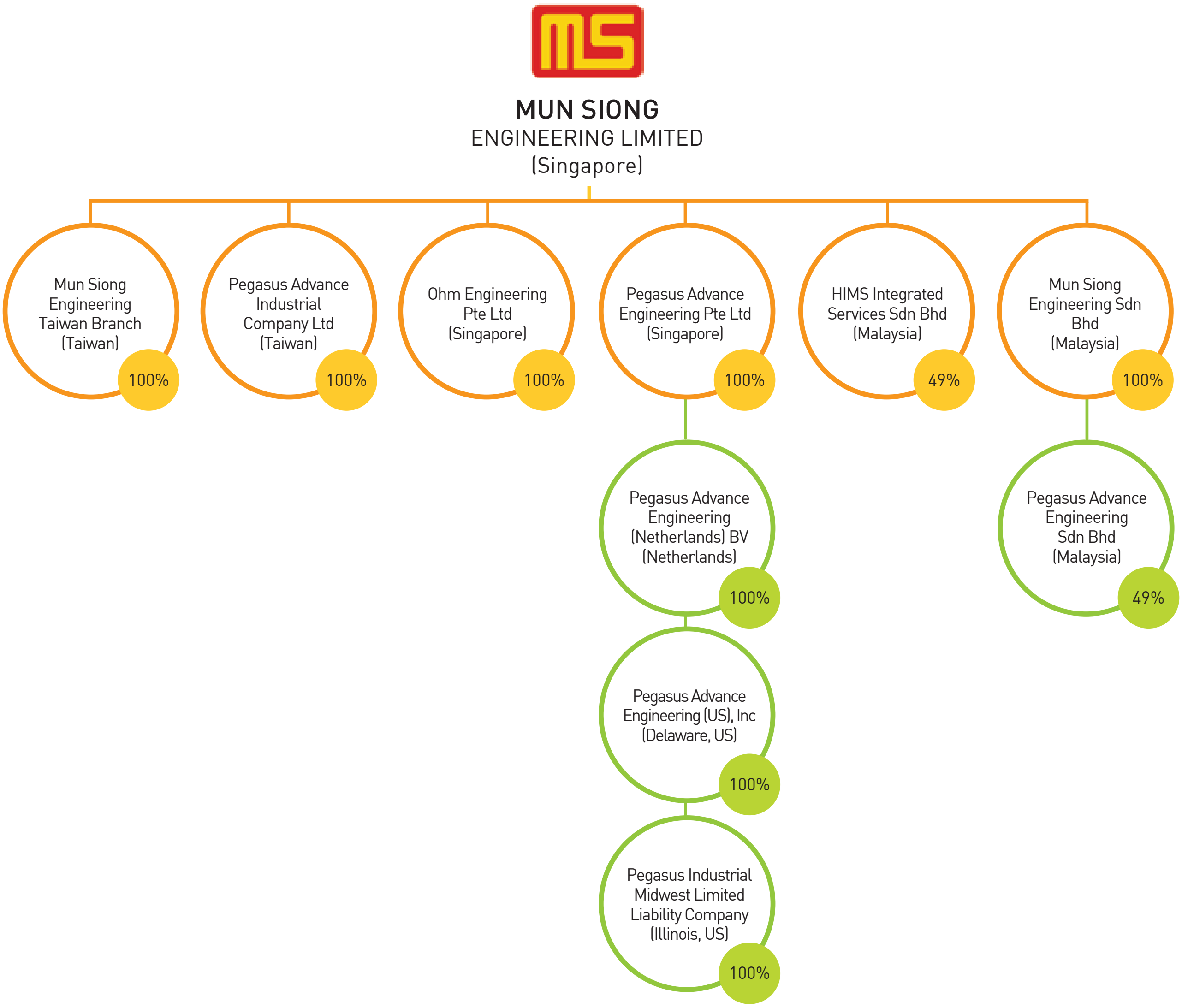
Incorporated Pegasus Industrial Midwest LLC in USA

Incorporated Pegasus Advance Industrial Co Ltd in Kaohsiung,Taiwan

2024

PIM deliver 1st fabricated Bundle from the workshop

CORPORATE STRUCTURE

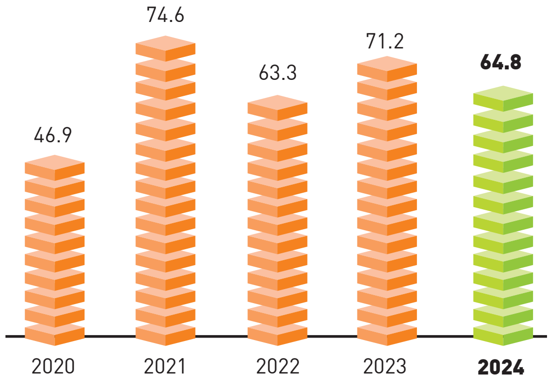


OUR INTEGRATED SERVICES

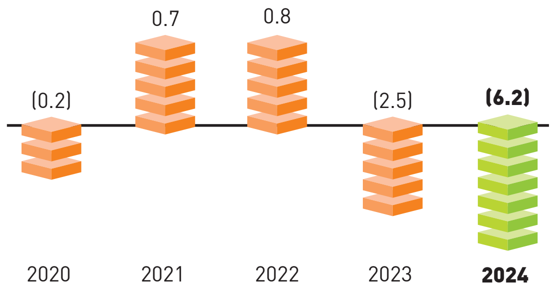
- Multi-Disciplinary Engineering Calculations and Design Consultancy
- In-House Quality Control and Quality Assurance Services
- Heat Exchanger Services: Retubing, repair, modification, and new fabrication
- On-Site Flange Refacing Services
- Semi Automated Ultra-High-Pressure Cleaning Services
- Abrasive Water-Jet Cutting and Hydro Drilling Services
- Furnace, Boilers, and Fired-Heater Mechanical De-coking and Inspection Services
- Rotating Equipment Services: Removal, servicing, repair, overhauling, and installation
- Static and Dynamic Balancing Services
- Turnkey Heat Exchanger & Pressure Vessel Design and Fabrication
- Industrial Equipment Ultrasonic Cleaning Services
- Internal Tube Grit Blasting Cleaning Services
- Internal Tube Epoxy Coating Services
- Advanced Anti-Corrosion & Low Surface Energy Coatings (Curran International)
- Heat Exchanger Coil Cleaning (Conco Systems)
- Mechanical Seal Supply and Repair (STB GmbH)
- Trenchless Pipeline Rehabilitation (Primus Line)
- Thermoplastic Anti-Corrosion Coatings (Oxifree)
- Authorized Maintenance Provider for Waterous Pumps (Waterous)
- Milwaukee Tool for Battery Operated Power Tools (Milwaukee)
- Process Plant Shutdown Maintenance Projects, Turnaround Maintenance, and Project Management
- Tankage Rehabilitation and Demolition Services
- Scaffolding, Insulation, and Painting Services
- Emergency, Predictive, and Routine Maintenance Programs
- Structural Steel Services: Design, prefabrication, fabrication, and erection
- Steel Piping & Support Systems: Design, prefabrication, fabrication, and installation
- Atmospheric Storage Tank Solutions: Design, fabrication and construction
- Equipment Package/Skid Design, Fabrication, and Assembly
- Electrical Services: Transformer, switchgear, and control panel installation
- Instrumentation & Control Systems: Integrated design, installation, and construction
- Distributed Control System (DCS) & PLC Solutions: Installation, loop checking, testing, and pre commissioning
- Instrumentation & Control System Fabrication and Installation

GROUP FINANCIAL HIGHLIGHTS

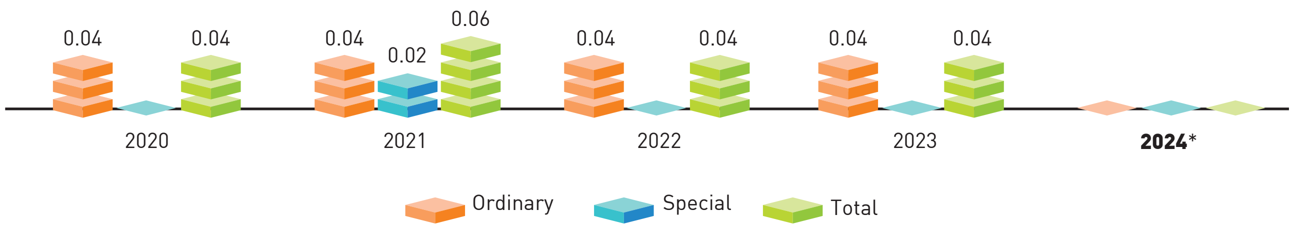
GROUP REVENUE S$ (M)



GROUP PROFIT / (LOSS) BEFORE TAX S$ (M)

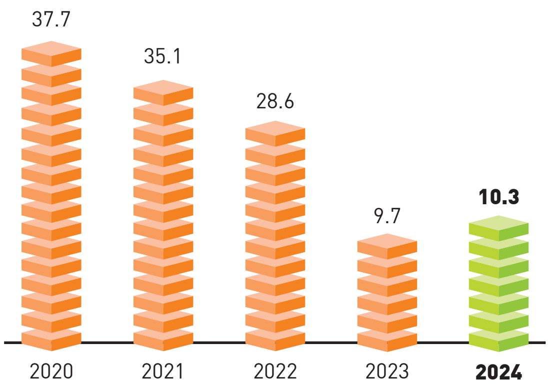


DIVIDEND RATE PER SHARE (CENTS)



** No dividends propose for 2024*

GROUP CASH AND CASH EQUIVALENTS S$ (M)



FINANCIAL CALENDAR FOR 2025/2026

27 February 2025	Announcement of FY2024 Results
30 April 2025	AGM for FY2024
7 August 2025 (tentative)	Announcement of half yearly results 2025
26 February 2026 (tentative)	Announcement of FY2025 Results

JOINT MESSAGE FROM EXECUTIVE CHAIRLADY AND DEPUTY CHAIRMAN

Dear Shareholders,

As we review the performance of our Group for the financial year ended 31 December 2024, it is important to reflect on both the challenges we faced and the significant steps we have taken to position ourselves for future growth. FY2024 has been a year marked by both disruption and opportunity – where external pressures combined with our own internal transitions have tested our resilience and adaptability. However, as we continue to navigate through these complexities, we remain confident in the strength of our strategies, the dedication of our teams, and the potential of the markets in which we operate.

Global Market Overview and Market Competitiveness

The global business environment in FY2024 has been characterized by significant economic volatility, geopolitical tensions, and persistent supply chain disruptions. These has resulted in fluctuating demand for goods and services and rising inflation, exerting pressure on operating costs. Additionally, global trade faces increasing uncertainties due to shifting trade policies, changing regulations, and escalating geopolitical conflicts.

In our efforts to optimize costs, we have made necessary adjustments to our labour force. However, we remain committed to retaining and investing in value-added talent. Labour shortages, particularly in key markets and skilled workforce, have created unique challenges. The scarcity of skilled workers has prompted us to rethink our talent management strategies, ensuring that we continue to attract, develop, and retain the most skilled and experienced professionals in the industry.

Despite these macroeconomic pressures, we are encouraged by the recovery in certain markets and the strong growth of certain markets in which we operate, particularly in sectors tied to infrastructure, energy, and manufacturing. This global context has been crucial in shaping our operations and strategies across our various geographies.

The ongoing volatility in global oil prices, coupled with high interest rates and trade uncertainties, is directly impacting the operating and capital expenditure budgets of our business partners. As a result, we have observed a decline in high-value projects, though mid-value opportunities remain in the market. However, these opportunities are accompanied by intense competition and narrower margins, which present significant challenges. This combination of factors is likely to result in smaller project sizes, fewer opportunities in the oil and gas sector, and a potential decrease in demand for our goods and services.

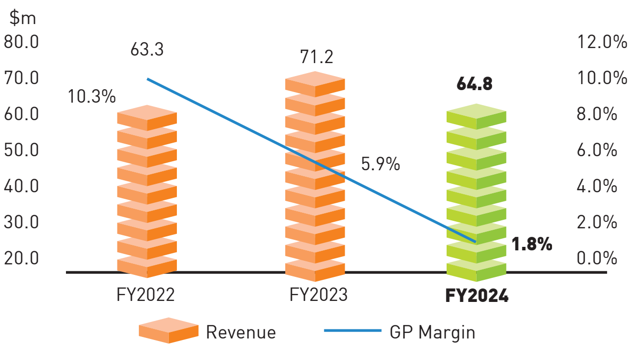
To navigate these challenges, it is essential that we proactively manage our cost structures to preserve healthy margins. Tightening cost controls and focusing on operational efficiency will be key to enhancing our competitiveness and revenue during this period of uncertainty.

Our diversification strategy has positioned us well to mitigate risks associated with market fluctuations. By expanding into non-oil and gas sectors such as infrastructure, we are reducing our reliance on volatile markets. Furthermore, we have made strategic investments to enhance the group's capabilities, including expanding our engineering design expertise and upgrading our manufacturing capacity.

Review of FY2024 Performance

The Group's revenue fell by 9.0%, from $71.2 million in FY2023 to $64.8 million in FY2024, mainly due to weaker performance in Singapore. The Group incurred a net loss before tax of $6.2 million in FY2024, driven by losses in the Singapore and the US operations. While Singapore operations were profitable in FY2023, the US operations losses reduced in FY2024. However, revenue from Malaysia and the US grew, accounting for 26.0% of total revenue, as compared to 9.3% of total revenue in FY2023.

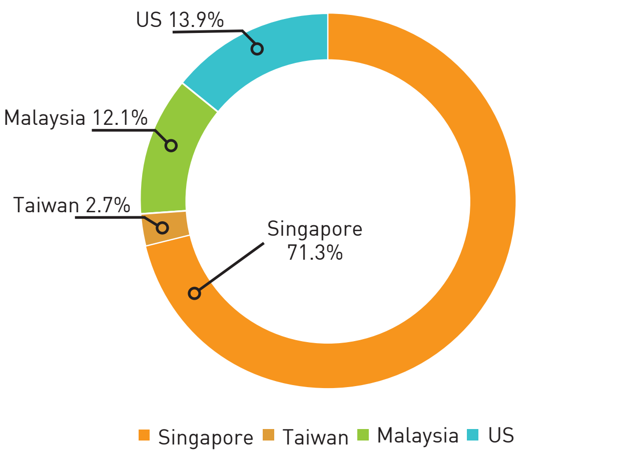
Revenue and Gross Profit Margin FY2022 to FY2024



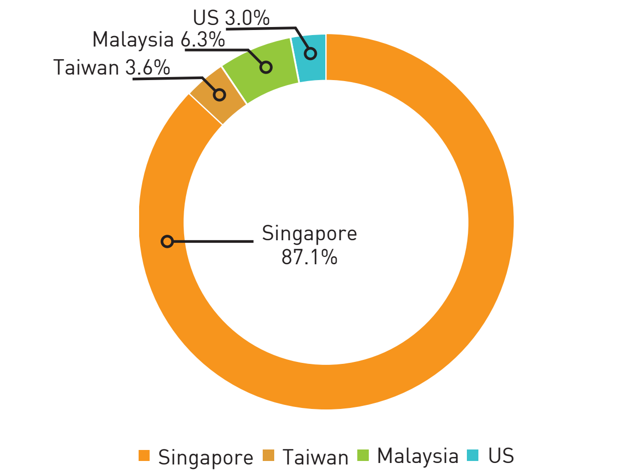
Although our Group revenue in FY2024 declined significantly, our strategy to diversify into different markets is paying off. Malaysia and US operations continue to see more job volume of work. We continue to focus on driving growth in these markets, ensuring sustainable success in the years ahead.

JOINT MESSAGE FROM EXECUTIVE CHAIRLADY AND DEPUTY CHAIRMAN

Revenue Contributions by Countries FY2024

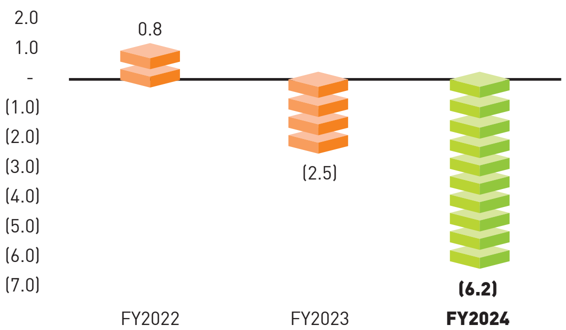


Revenue Contributions by Countries FY2023



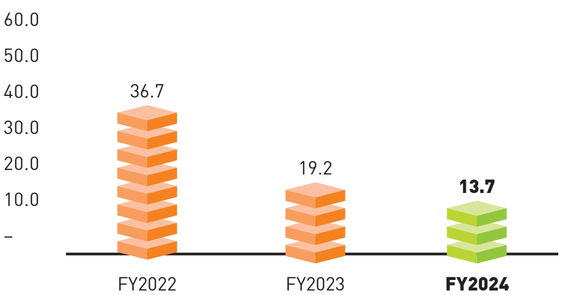
The cost of sales decreased by 5.0%, from $67.0 million in FY2023 to $63.7 million in FY2024, aligning with the revenue decline. The drop in gross profit was due to lower operating efficiency and non-recoverable pre-execution costs in our US operations.

Net profit/(loss) before taxation S$(M)



Management of Group net working capital

Net Working Capital S$(M)



In the past, our Singapore operations have been a key source of profitability, providing financial support for our Malaysia and US operations. However, in FY2024, the Singapore operations incurred a loss, which has impacted our overall financial standing. Additionally, our client in Malaysia, has experienced significant delays in approving completed work orders, further complicating our operations.

Meanwhile, our US operations still require financial backing as they focus on building their customer base and enhancing operational efficiencies. As we move into FY2025, the frequency of drawdowns and utilization of credit facilities from financial institutions will likely increase to meet our working capital requirements.

JOINT MESSAGE FROM EXECUTIVE CHAIRLADY AND DEPUTY CHAIRMAN

Singapore Operations: A Year of Transition

In Singapore, the impact of the global economic environment was particularly pronounced. The local market faced several headwinds, including rising operational costs and disruptions in the global supply chain. In addition, the divestment of the plants and facilities on Pulau Bukom by our business partner to a consortium early in FY2024 created a significant operational shift. The Group also made a strategic decision to reduce resources and dependency on our Pulau Bukom based client. This allows us to streamline operations and reallocate resources more efficiently but resulted in a notable revenue decline. For FY2024, our Singapore operations reported a 25.5% drop in revenue compared to FY2023, falling from $62.0 million to $46.2 million.

The transition during this period was complex, as our workforce utilization was impacted by the inability to redeploy staff assigned to the divested facilities. Furthermore, the smaller dollar value project sizes in the second half of FY2024 affected revenue generation and gross margins. Despite these challenges, we are encouraged by the renewal of a long-term maintenance contract with a major client, which will help stabilize the Singapore operations moving forward. Furthermore, efforts to streamline and optimize resource utilization is expected to bear fruit in FY2025, allowing our Singapore operations to be more competitive and profitable. We view these as vital steps in positioning our Singapore business for sustainable growth in the coming years.

Looking ahead, the business environment in Singapore remains challenging, with fluctuating trade policies and geopolitical tensions. However, we are confident that the strategic divestments and the restructuring of our workforce will allow us to adapt more effectively to these evolving market conditions. We are also optimistic about the potential for further long-term contract renewals, which will continue to provide stability and growth opportunities in the region.

In FY2024, the Electrical and Instrumentation (E&I) division within Mun Siong Group achieved notable milestones, securing a project with a new plant owner and entering into a term maintenance contract for ongoing services with a key plant owner in Singapore. These developments have contributed to stabilizing the group's operations and mitigating volatility in the business landscape.

We have significantly increased our engineering design capacity and invest in enhancing our manufacturing line. This investment enables us to reduce manufacturing costs, which in turn boosts our competitiveness in the market and enhances the value we deliver to clients. The long-term maintenance contract and new project work provide a solid foundation for continued success, helping to strengthen our overall market position. As we move into FY2025, we remain committed to expanding our portfolio and further establishing our reputation as a reliable partner.

Malaysia Operations: Strong Performance Amidst Challenges

Our operations in Malaysia showed resilience in FY2024, despite facing several operational challenges. Revenue grew significantly by 75.1% in FY2024 from $4.5 million (FY2023) to $7.9 million (FY2024). The increase in revenue in FY2024 was driven by the shut-down activities of the plant by our Johor based client in the first half of FY2024. However, the rapid expansion came at the cost of increased operating expenses, particularly in recruitment and training of new personnel.

The Malaysian market is crucial for our Group's growth, and we are pleased with our operational expansion. However, we are disappointed with the delays in billing approvals from client (S$2.4 million of completed jobs awaiting approval), which have significantly affected our net working capital needs. These delays have tightened our cash flow and also impacted our profit margins. We are optimistic about resolving this soon as we collaborate with clients to expedite approvals and restore liquidity.

We are optimistic about growth prospects in Malaysia, particularly with the rising demand for energy, manufacturing, and infrastructure services. The Singapore-Johor Bahru Special Economic Zone (SEZ) scheme presents significant opportunities, enhancing cross-border trade and collaboration, which we anticipate will drive further economic expansion. Despite existing challenges, we are confident that our resilient operations and strategic positioning within the SEZ will contribute to sustainable growth and bolster future profitability.

Taiwan Operations: Preparing for Future Growth

Taiwan's operations have encountered notable challenges due to the suspension imposed by CPC, which has hindered our ability to fully bid for projects in the market. However, this suspension is set to end by 31st December this year (2025), and we are optimistic about the future prospects. While the long-term outlook for Taiwan remains positive, we recognize that market dynamics may shift, particularly depending on CPC's evolving stance on future contracting.

Our commitment to strengthening existing partnerships and expanding our service offerings remains steadfast. However, the success of these efforts will be contingent on the clarity, consistency, and stability of the new contracting framework once the above restrictions are lifted.

JOINT MESSAGE FROM EXECUTIVE CHAIRLADY AND DEPUTY CHAIRMAN

United States Operations: A Bright Spot for the Future

Among the various markets in which we operate, the United States has proven to be a major success story for FY2024. Revenue from our US operations skyrocketed by an impressive 316.5%, growing from $2.2 million in FY2023 to $9.0 million in FY2024. This remarkable growth was driven by the successful execution of two major turnaround projects and successfully manufactured its first ASME-coded heat exchanger, marking a significant milestone.

To maintain operational efficiency, both scheduled maintenance and unplanned repairs are essential, with plant Turnarounds playing a pivotal role. Turnarounds are vital for refineries and plants to conduct critical maintenance, inspections, upgrades, and compliance work within tightly scheduled windows. In FY2024, our U.S. operations successfully completed two separate Turnarounds for key business partners. Leveraging our extensive expertise, we are proud to be a key contributor to these Turnaround projects and anticipate a substantial increase in workload in the years ahead.

At the core of maintaining and expanding energy infrastructure are fabrication services. The Midwest's oil refineries, petrochemical plants, and energy facilities rely on custom components and equipment to operate at optimal efficiency. The demand for heat exchangers and pressure vessels in the Chicago area is growing, driven by ongoing infrastructure upgrades and the need for replacement parts in aging plant facilities. In FY2024, our U.S. operations successfully manufactured its first ASME-coded heat exchanger, marking a significant milestone. Our company remains one of the few manufacturers of heat exchangers and pressure vessels in the Midwest, positioning us as a key player in this critical sector.

Our US team's ability to secure and execute high-value contracts in such a competitive market speaks to the strength of our business model, the quality of our services, and our growing reputation in the industry. The successful completion of the two Turnarounds projects have significantly narrowed our gross loss margin from 40% in FY2023 to just 6% in FY2024. This achievement is a testament to the continued traction we are gaining with business partners in North America, and we are confident that the success of these projects will pave the way for future growth and expansion in this key market. Feedback from our clients on the two events have also been overwhelmingly positive, and we expect to see an increasing number of similarly sized contracts being awarded to us moving forward.

Dividends

In view of our current financial position and the need to conserve financial resources, the Board of Directors have decided to refrain from declaring dividend for the financial year ended 31 December 2024.

Appreciation

We would like to take this opportunity to warmly welcome Ms. Fiona Lim Pei Pei, who has succeeded Ms. Shirley Lim Siew Choo as our new Company Secretary. We extend our heartfelt thanks to Ms. Shirley Lim for her dedicated contributions to the Company.

Additionally, we would like to express our sincere appreciation to our employees, business partners, and shareholders for your unwavering support and commitment throughout the year. We also wish to acknowledge and thank the Board of Directors for their invaluable contributions and insightful guidance.

Together, we will continue to pursue excellence, driving the ongoing success and growth of the Group.

Thank you for your continued trust and confidence.

Sincerely,

Cheng Woei Fen
Executive Chairlady

Quek Kian Hui
Executive Deputy Chairman and CEO

BOARD OF DIRECTORS' PROFILE

CHENG WOEI FEN
Executive Chairlady

Madam Cheng was first appointed to the Board on 31 October 1981. She was last re-elected as a director on 21 April 2023.

She is responsible for charting the MSE Group roadmap, corporate direction as well as positioning and developing the Group business strategies. She is also the key contact to all our business and joint venture partners. She is currently the adviser to the Executive Committee.

Madam Cheng holds a degree in Business Administration from the then Singapore University. She is a pioneer member of the SGX Diversity Action Committee, and Council member of the Process Construction and Maintenance Productivity Committee.

QUEK KIAN HUI
Executive Deputy Chairman and Group Chief Executive Officer

Mr Quek was first appointed to the Board on 16 June 2014. He served as an Executive Director before being designated as the Executive Deputy Chairman on 25th February 2021. He was last re-elected as a director on 25 April 2024. He is currently the Chairman of the Executive Committee. He was appointed as the Group Chief Executive Officer on 8 April 2024.

He brings to the Board business opportunities, knowledge and exposure in helping the Company to expand its market presence outside of Singapore. He is instrumental in the setting up of the Group's US operations.

Prior to joining Mun Siong Engineering, Mr Quek was involved in major projects for Chiyoda Singapore (Pte) Ltd.

Mr Quek holds a Masters in Business Administration and a Bachelor's of Science degree in Mechanical Engineering from Purdue University (USA).

SEAH HAI YANG
Non-Executive Lead Independent Director

Mr Seah was appointed to the Board on 1 February 2024 and last re-elected on 25 April 2024. He is currently the Chairman of the Audit Committee and a member of both the Nominating Committee and Remuneration Committee.

Mr Seah is both a founder and director of a consultancy company which provides accounting consultancy and corporate secretarial support services. Prior to establishing his own company, he held senior accounting and finance appointments in private and public companies in various industries. He was the Chief Financial Officer of the Company between 2013 to 2017. He was also the non-executive independent director of Asiatic Group Holdings Limited for the period 2007 to 2018. He is currently the non-executive independent director of Jumbo Group Limited.

Mr Seah graduated from the National University of Singapore with an Accountancy Degree and is a Fellow of the Institute of Singapore Chartered Accountants. He is also a member of the Singapore Institute of Directors and had acted as the Company Secretary for several public listed companies in the SGX-ST.

BOARD OF DIRECTORS' PROFILE

MAH KAI LEONG
Non-Executive Independent Director

Mr Mah was first appointed on 4 March 2020 and last re-elected on 25 April 2024. He is the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nominating Committee.

Mr Mah has almost 40 years of operational and management experience with Singapore Refining Company ("SRC"), which is in the Petroleum and Petrochemical industry. During his earlier days with SRC, he was involved in project management and refinery operational planning. He was later assigned to oversee Major Projects and Business Development. Before Mr Mah's retirement, he concurrently assumed the role of Deputy General Manager and Deputy CEO for more than six years at SRC. He was actively involved in the formation of Singapore Process Industry's productivity improvement blueprint. After his retirement in 2017, he was a consultant to an international EPC firm for approximately one year.

Mr Mah holds a Bachelor of Engineering (Mechanical) from the University of Western Australia.

ELAINE BEH PUR-LIN
Non-Executive Independent Director

Ms Beh was first appointed on 25 April 2022 and last re-elected on 21 April 2023. She is the Chairlady of the Nominating Committee and a member of both the Audit Committee and the Remuneration Committee.

Ms Beh has been a lawyer for more than 30 years, and she has substantial experience in mergers and acquisitions and capital markets transactions. She is currently a consultant with RHT Law Asia LLP. She is on the board of Abilities Beyond Limitations and Expectations Limited. Currently, she is the lead independent director of Audience Analytics Limited. She is also the non-executive independent director of Chasen Holdings Limited. She also serves as a committee member of the Yellow Ribbon Fund.

Ms Beh holds a Bachelor of Law (Honors) degree from National University of Singapore. She is an advocate and solicitor of the Supreme Court of Singapore and a member of the Law Society of Singapore and the Singapore Institute of Directors.

DAVID TAN CHAO HSIUNG
Non-Executive Non-Independent Director

Mr Tan was first appointed on 1 October 2012 and last re-elected on 21 April 2023. Prior to his re-designation to Non-Executive Non-Independent Director on 25 April 2024, he was formerly the Lead Independent Director and Chairman of the Audit Committee of the Company. He is currently a member of the Audit Committee, Nominating Committee and the Remuneration Committee.

He has over 30 years of senior management experience in the banking and finance industry and has held positions in both local and foreign financial institutions. Currently, he is the non-executive non-independent director in Powermatic Data Systems Limited. He is also the non-executive independent director of International Cement Group Ltd. and Hock Lian Seng Holdings Limited.

Mr Tan holds a Master of Commerce (Finance) from the University of New South Wales and a Bachelor of Economics from Macquarie University. He is also a Fellow of Certified Practising Accountant ("CPA") Australia.

CORPORATE LEADERSHIP TEAM

SEAN SAFAVINEJAD
Group Chief Operating Officer

Sean was appointed as the Group Chief Operating Officer on 13 March 2023. He is responsible for the management of the overall operations of the Group, including resource management, planning, execution, budgeting and control. He is also spearheading continuous improvement and productivity initiatives within the Group.

He brings more than 15 years of operational and management experience to the Group from his time with ExxonMobil Corporation, US ("ExxonMobil"), holding various appointments including as an Engineering Services Department Head, Business Operations Manager, and as a Mechanical Engineering Group Leader.

He holds a Master of Science in Electrical Engineering from the University of Illinois at Urbana-Champaign (USA) as well as a Master of Business Administration from the University of Chicago Booth School of Business (USA).

EUGENE LIM POON KHENG
Group Chief Financial Officer

Eugene was appointed as our Group Finance Director on 2 July 2018. He was re-designated as the Group Chief Financial Officer on the 8 April 2024. He is responsible for overseeing the Group's corporate finance activities, investor relations and all aspects of the treasury, financial and accounting functions.

He has over 20 years in accounting, financial and corporate matters and have worked in various SGX listed organizations.

He graduated with a Bachelor of Commerce degree from University of Queensland, Australia and is a Fellow of Certified Practising Accountant ("CPA") Australia and a member of the Singapore Institute of Directors.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board of Directors (the "**Board**") is committed to ensuring that the highest standards of corporate governance are practiced throughout Mun Siong Engineering Limited (the "**Company**") and its related companies (subsidiaries and associated companies) (the "**Group**"), as this is a fundamental part of its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Monetary Authority of Singapore issued the revised Code of Corporate Governance 2018 on 6 August 2018 and it was further revised on 11 January 2023 (the "**2018 Code**"). The accompanied Practice Guidance was also revised on 11 January 2023. The Company has adopted the practices based on the principles and provisions of the 2018 Code and as well as the accompanied Practice Guidance.

This Corporate Governance report describes the Group's corporate governance practices and structures that were in place during the financial year ended 31 December 2024 ("**FY2024**") with specific reference to the principles and provisions of the 2018 Code, and where applicable the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). In so far as any principles and/or provisions has not been complied with, the reason has been provided for on the deviations from the 2018 Code.

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.

The primary function of the Board is to provide leadership to the Group, protect and enhance the long-term value and returns for its shareholders. The Board oversees the Group's affairs and is accountable to shareholders for the management of the Group's businesses and its performance. To fulfil this role, the Board is responsible for the following:

- Providing entrepreneurial leadership, setting strategic aim, and ensuring the necessary financial and human resources are in place for the Group to meet its objectives;

- Establishing a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

- Reviewing and approving annual budgets, major funding proposals, investment and divestment proposals;

- Constructively challenging Management and monitoring its performance;

- Identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation;

- Setting the Group's values (including value creation and innovations) and standards (including ethical standards), and ensuring that obligations to shareholders and others are understood and met;

- Overseeing sustainability strategies formulation and its disclosures pertaining to Environmental, Social and Governance ("**ESG**") and adoption of the Task Force on Climate Related Financial Disclosures ("**TCFD**") framework;

- Overseeing internal control processes, financial reporting and compliance (with legislative and regulatory requirements), including the release of financial results and announcements of material transactions; and

- Reviewing and endorsing corporate policies in keeping up with good corporate governance (including ethical standards) and business practices. The Board objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Group.

CORPORATE GOVERNANCE REPORT

The Executive Committee ("**EXCO**" or "**Management**") which comprises of the Group Chief Operating Officer ("**COO**" or "**Group COO**"), Group Chief Financial Officer ("**CFO**" or "**Group CFO**") and other Senior Management Executives (collectively "**Key Management Personnel**" or "**Senior Management**") are responsible for the day-to-day operations and administration of the Company and Group and acts in accordance with the policies and objectives set by the Board. The Executive Committee is currently chaired by the Executive Deputy Chairman and Group Chief Executive Officer ("**CEO**" or "**Group CEO**") while the Executive Chairlady serves as the adviser to the Executive Committee. Management remains accountable to the Board and provides the Board with complete, adequate and timely information (e.g, circulation of papers prior to Board or Board Committees' meetings) and, on an on-going basis. This is to enable the Board to make informed decisions and to discharge their duties and responsibilities.

The Board and the Management fully appreciate that an effective and robust Board whose members engage in open and constructive debate and challenge Management on its assumptions and proposals is fundamental to good corporate governance. The Board of Directors have the appropriate core competencies and diversity of experience to enable them to contribute effectively. They are able to objectively raise issues and seek clarification, as and when necessary, from Management on matters pertaining to their area of responsibilities. The Board actively helps Management in the development of strategic proposals and oversees the effective implementation by Management to achieve the objectives set. All Directors are expected to exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

Conflict of interest between Director(s) and the Company

Directors have a duty to act in the best interest of the Company and should ensure that their duties are not impaired in any way. As such, Directors should refrain from placing themselves in a situation where these interests, whether professional or personal, would likely to be directly or indirectly in conflict with the interests of the Company.

To protect the reputation of both the Director(s) and the Company, Directors should as far as possible also avoid situations which might reasonably appear to be a conflict of interest and could result in an appearance of impropriety. A conflict of interest exists where the Director's personal or business interest interferes, or even appears to interfere, in any way with the interests of the Company. Directors have a duty to be free from the influence of any conflicting interest when they participate in Board or Board Committees deliberations or voting.

Directors owe a duty to the Company to advance the Company's legitimate interests when the opportunity to do so arises. Directors are prohibited from (i) taking for themselves (or directing to family members, companies to which they are affiliated or to any third parties) personal business opportunities that arise through the use of the Company's property, information or their position as directors; (ii) using Company's property, information or their position as a director for personal gain; (iii) competing with the Company for business opportunities; (iv) using the Company's property, information or their position as a director for improper purposes; or (v) causing detriment to the Company.

In any situation that involves a conflict of interest with Company, Directors must:

(a) Promptly disclose such interest at a meeting of the Directors or by sending a written notice to the Company Secretary(ies) containing details of the interest and the nature of the conflict. Duty to disclose to the Board is non-delegable and the responsibility falls on the Director alone; and

(b) Recuse themselves from participating in any discussion and decision on the matter.

If in doubt as to whether a particular interest might conflict with the interests of the Company, Directors should err on the side of caution and disclose the potential conflict to the Board even if there is the slightest possibility of a potential conflict.

CORPORATE GOVERNANCE REPORT

Loans from the Company to Directors or persons and companies associated with Directors are prohibited, except in the limited circumstances permitted under the Companies Act 1967.

On an annual basis, each Director is required to promptly disclose any conflict or potential conflict of interest to the Board. In addition, each Director is also required to submit details of his/her associates for the purpose of monitoring interested person transactions. For FY2024, save for the matters disclosed below, no Director had to recuse themselves and abstain from making any recommendations.

(1) Shareholder's Loans extended by the Executive Director/Controlling Shareholder ("**IPT Loans**")

Madam Cheng Woei Fen (controlling shareholder) and Mr Quek Kian Hui (substantial shareholder), are immediate family members and Executive Directors, recused themselves from all discussions and abstained from making any recommendations in relation to the loans extended by Madam Cheng Woei Fen to the Company. This shareholder's loans will be considered as an Interested Person Transaction ("**IPT**") under Chapter 9 of the SGX-ST Listing Manual. For further details, please refer to page 45 of this Annual Report 2024.

(2) Re-designation from Independent Director to Non-Executive Non-Independent Director

Mr David Tan Chao Hsiung, Non-Executive Lead Independent Director, recused himself from all discussions (Board and Nominating Committee) in relation to his re-designation from Independent Director to Non-Executive Non-Independent Director. Please refer to page 21 for details.

Directors' Orientation and Training

A formal letter of appointment is furnished to every newly appointed Director upon their appointment, explaining, among other matters, the roles, obligations, his duties and responsibilities as a member of the Board. No new Director was appointed in FY2024.

The Company will also conduct an orientation program for new Director(s) to familiarise himself/herself/themselves with the business activities of the Group, its strategic directions and corporate governance practices. If the Director has no prior experience as a director of a listed company, the Company will arrange training for the Director appropriate to the level of his prior experience in areas such accounting and finance, legal and industry knowledge. The Company will also arrange, where needed, for the Director to attend the Listed Company Director Program conducted by the Singapore Institute of Directors ("**SID**").

To keep pace with new laws, regulations, changing commercial risks and accounting standards, all Directors are encouraged to attend, at the Company's expense, relevant seminars conducted by external organisations to keep themselves abreast with the ongoing developments to enable them to discharge their duties as Board members.

The Company's Secretary(ies) and both the Internal and External Auditors, during the Board and the Board Committees meetings, will brief the Directors on the changes, updates and new developments issued by the relevant authorities like Singapore Exchange Regulation ("**SGX Regco**"), Monetary Authority of Singapore ("**MAS**") and Accounting and Corporate Regulatory Authority ("**ACRA**"). The Company will also circulate relevant news releases or articles, including those that relate to the Group's businesses, to the Board.

CORPORATE GOVERNANCE REPORT

The details of the update sessions, seminars, conferences and training programmes attended by the Directors collectively in FY2024 were:

1. The External Auditors briefed the Audit Committee and the Board on the developments in financial reporting and governance standards;

2. Attending seminars conducted by the Singapore Stock Exchange ("**SGX**"), SGX Regco, SID and ACRA to obtain updates on financial accounting standards, corporate governance standards, regulatory changes and understanding of the new Sustainability Reporting requirements;

3. The Executive Chairlady and the Executive Committee updated the Board at each meeting on business and strategic developments pertaining to the Group's businesses; and

4. Both the External and Internal Auditors also briefed the Board on the new Sustainability Reporting ("**SR**") requirements as issued by SGX Regco. The external SR Consultant, whom the Company has engaged, also provides regularly updates to the Board.

BOARD APPROVAL

The Group has adopted internal guidelines governing matters that require the Board's approval which have been clearly communicated to the Management. The following matters require Board's approval:

- Corporate Strategies of the Group;

- Annual budgets (including capital expenditure) and business plans of the Group;

- Appointment of Directors and Key Management Personnel;

- Material acquisition and disposal of assets and investments;

- Corporate/financial structuring or corporate exercise;

- Incorporation of new entities;

- Approval of projects that exceeds a certain percentage of the Group shareholders' funds;

- Issuance of shares (including preference shares), dividend payout and other returns to shareholders;

- Risk appetite and risk tolerance for the different categories of risk;

- Matters as specified under SGX-ST Listing Manual deemed as interested person transaction;

- Announcement of the Group's financial results (half year and full year), quarterly financial performance guidance updates and the release of the Annual Report; and

- Any other matters as prescribed under the relevant legislations and regulations, as well as the provision of the Constitution of the Company.

CORPORATE GOVERNANCE REPORT

Delegation by the Board and Board Meetings and Attendance

The Board has delegated specific responsibilities, in line with the 2018 Code, to three main committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). The Board has also set up a Board Sustainability Committee ("**BSC**"). Information on each of the Board Committees are set out below. All the Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the corporate governance and legal environment. The current terms of reference for the respective Board Committees are aligned with the 2018 Code. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board.

The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

The Board held four formal meetings during the year. Fixed and optional meetings are scheduled at the start of each year and optional meetings convened as scheduled only when there are matters requiring the Board's decision at the scheduled time. Ad-hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings. When a physical meeting is not possible, timely communication with members of the Board, can be achieved through electronic means such as teleconferencing, video conferencing or other similar means of communication. The Board and Board Committees also make decisions through circulating resolutions.

If the Director is unable to attend a Board or Board Committee's meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/she will review them and advise the Chairlady/Chairman of the Board or the Board Committees respectively of his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

The number of Board and Board Committees' meetings held in the financial year and the attendance of Directors during these meetings are as follows:

	Board			**Audit Committee**			**Nominating Committee**			**Remuneration Committee**		
		No. of meetings			**No. of meetings**			**No. of meetings**			**No. of meetings**	
	Position	**Held**	**Attended**	**Position**	**Held**	**Attended**	**Position**	**Held**	**Attended**	**Position**	**Held**	**Attended**
Executive Directors												
Cheng Woei Fen	C	4	4	NA	4	4#	NA	2	2#	NA	4	4#
Quek Kian Hui	M	4	4	NA	4	4#	NA	2	2#	NA	4	4#
Non-Executive Directors												
Seah Hai Yang&	M	4	4	C	4	4	M	2	2	M	4	4
Mah Kai Leong	M	4	4	M	4	4	M	2	2	C	4	4
Elaine Beh Pur-Lin	M	4	4	M	4	4	C	2	2	M	4	4
David Tan Chao Hsiung@	M	4	4	M	4	4	M	2	2	M	4	4

Note:
C: Chairman; M: Member
By invitation
& Appointed as Audit Committee Chairman on 25 April 2024
@ Stepped down as Audit Committee Chairman on 25 April 2024

CORPORATE GOVERNANCE REPORT

Board Sustainability Committee

The Board is fully dedicated to integrating sustainability – encompassing Environmental, Social, and Governance ("**ESG**") factors-into the Company and Group's operational strategies and long-term planning. To ensure effective oversight, the Board has established the Board Sustainability Committee ("**BSC**"), which focuses on guiding sustainability efforts and ensuring robust ESG reporting, including the adoption of the Task Force on Climate-related Financial Disclosures ("**TCFD**") framework.

The Board Sustainability Committee is chaired by our Executive Chairlady and its members include a Non-Executive Director, the Executive Deputy Chairman and CEO, and some Key Management Personnel of the Executive Committee. This committee is tasked with identifying, evaluating, monitoring, and managing the Group's key ESG issues, as well as implementing the TCFD recommendations. The BSC is supported by the Sustainability Reporting Executive Committee ("**SREC**") and Sustainability Reporting Editorial Committee ("**SEC**"). The BSC reports directly to the Board, ensuring alignment and accountability in the Group's sustainability initiatives. For further details, please refer to the Company's Sustainability Report FY2024 issued on 15 April 2025.

Access to Information and Management and Company Secretary(ies)

All Directors will receive a set of Board papers prior to the Board meeting with sufficient time to enable them to obtain further explanations, where necessary, to be briefed properly and prepare for the meeting. This will include sensitive matters which may be tabled at the meeting itself or discussed without papers being distributed. The Board papers may include, amongst others, the following documents and details:

- Background or explanations on matters brought before the Board for decision (or approval) or for information purpose, including issues being dealt with by Management, and relevant budgets, forecast and projections. In respect of budgets, any material variance between the projections and actual results is disclosed and explained to the Board;
- Minutes of the previous Board meeting;
- Minutes of meetings of all Board Committees held since the previous Board Committees' meeting(s);
- Major operational and financial issues; and
- Statistics on key performance indicators including safety and incident records.

As part of good corporate governance, key matters requiring decisions are reserved for resolution at Board meetings rather than by circulation to facilitate discussions. Key analysts' reports on the Group, if any, are forwarded to the Directors on an ongoing basis. In addition, the Board receives quarterly management accounts from Management which presents a balanced and understandable assessment of the Group's financial performance position and prospects.

The Non-Executive Directors have separate and independent access to the Executive Committee, including the Executive Chairlady, the Executive Deputy Chairman and CEO, the COO, the CFO, Company Secretary(ies) and other Key Management Personnel in the Executive Committee, as well as the Group's Internal and External Auditors. Queries raised by individual Directors are directed to Management who will respond accordingly. Where relevant, the Non-Executive Directors' queries and Management's responses are circulated to all Board members for their information.

CORPORATE GOVERNANCE REPORT

The Board has also approved a procedure for Directors, (whether as a full Board or in their individual capacity), in the furtherance of their duties to seek professional advice, where necessary, at the Company's expense. During the financial year, the Board has not engaged any external professionals for legal advice.

All Directors have separate and independent access to the Company Secretary(ies). The Company Secretary(ies) and/or their representatives are present at Board meetings and Board Committees' meetings to ensure that procedures are followed, and that applicable rules and regulations, including those of the Companies Act, Securities and Futures Act, the rules in the SGX-ST Listing Manual and the Constitution of the Company are complied with. They will also prepare minutes of the meetings in a timely manner. The minutes of meetings will be circulated respectively to the Board and Board Committees for their review and approval.

The Company Secretary(ies) and/or their representative will assist the Executive Chairlady and the Chairman/Chairlady of each Board Committees in the development of the agendas for the Board and the various Board Committees' meeting respectively. They ensure good information flows both within and between the Board and Board Committees and between Management and Non-Executive Directors, advising the Board on all corporate governance matters, as well as facilitating orientation and assisting with professional development as required.

Under the Constitution of the Company, the appointment or removal of the Company Secretary(ies) are subject to the approval of the Board.

Multiple Board Representations

All Directors are required to declare their board representations on an annual basis. When the Director has multiple board representations, the Nominating Committee will consider whether the Director is able to adequately carry out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

In addition to the above process, the Director must notify the Board first, prior to accepting any new listed company board appointments or principal commitments. This will allow the Director to review his/her time commitments with the proposed new appointment and in the case of an Independent Director, to ensure that his/her independence will not be affected. The Nominating Committee noted that, excluding the directorship held in the Company, the number of listed company board representations currently held by:

(a) Mr Seah Hai Yang is one;

(b) Ms Elaine Beh Pur-Lin is two; and

(c) Mr David Tan Chao Hsiung is three.

The Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have other board representations or other principal commitments. There is presently no need to implement internal guidelines to address their competing time commitments and this matter will be reviewed on an annual basis by the Nominating Committee. At the same time, the Nominating Committee has recommended to the Board as a guide that Non-Executive Director should limit his/her other board representations in listed companies to six including that of the Company. For the financial year under review, no Director has exceeded such stipulation.

CORPORATE GOVERNANCE REPORT

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 interest of the Company.

Proportion of Non-Executive Directors

Currently, the Board comprises of six members, in which, two are Executive Directors, three are Non-Executive Independent Directors and one is Non-Executive Non-Independent Director. The Non-Executive Directors make up majority of the Board and is in line with Provision 2.3 of the 2018 Code.

Board Independence

Rule 210(5) (c) of the SGX-ST Listing Manual also specifies that one-third (or 33%) of the Board must comprise of Independent Directors. The Company has satisfied this requirement as 50% or half of the Board comprises of Non-Executive Independent Directors, including independence from substantial shareholders (5% or more shareholders*) of the Company. This is also in line with definition of "independent director" as specified under Provision 2.1 of the 2018 Code and Rule 210(5) (d) of the SGX-ST Listing Manual.

Each Independent Director is required to complete an Independent Director's declaration form annually to confirm his/her independence. The Nominating Committee reviews the independence status of each Non-Executive Director annually based on the definitions and guidelines of independence set out in the 2018 Code. The Non-Executive Independent Directors and their immediate family members have no relationship with the Company, its related corporations, its 5% or more shareholders* or its officers. None of the Non-Executive Independent Directors have received payments more than of $50,000 from the Company or Group or $200,000 from a 5% or more shareholder* during the year. Taking guidance from the Provision 2.1 of the 2018 Code and complying with Rule 210(5) (d) of the SGX-ST Listing Manual, the Nominating Committee has assessed and satisfied that all the three Non-Executive Independent Directors are independent in FY2024.

The Nominating Committee has also reviewed and deliberated on the Provision 2.2 of the 2018 Code which states that the "Independent Directors make up a majority of the Board where the Chairman (in our Company, Chairlady) is not independent". The Nominating Committee, with the concurrence of the Board, has opined that in view of the current Board's composition, there is a strong element of independence on the Board. Half of the Board (50%) is made up of Independent Directors and the independence of each Director is reviewed by the Nominating Committee. Furthermore, the number of Executive Directors does not constitute majority or equal to the number of Independent Directors. Therefore, the Board is of the view that the practices adopted by the Company are consistent with the intent of Provision 2.2 of the 2018 Code in which there exists a strong element of independence from the Independent Directors.

Mr David Tan Chao Hsiung, formerly the Chairman of the Audit Committee and Lead Independent Director of the Company, was redesignated to Non-Executive Non-Independent Director at the conclusion of the Annual General Meeting ("**AGM**") dated 25 April 2024. Notwithstanding Mr David Tan's status as a Non-Independent Director, he continues to demonstrate strong independence character and judgement in discharging his duties as a Director with utmost commitment in upholding the interests of the non-controlling shareholders. He has expressed individual viewpoints, debated issues and objectively scrutinised and challenges Management. He has sought clarification and amplification as they deemed necessary, including direct access to Management.

* the term "5% or more shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company. "Voting shares" exclude treasury shares.

CORPORATE GOVERNANCE REPORT

The Nominating Committee reviews the size and composition of the Board and Board Committees annually to ensure that the Board and Board Committees have an appropriate level of independence and diversity of thought and background in their respective compositions to enable the Board and Board Committees to make decisions in the best interests of the Company. Currently, the Board Committees are chaired by the Non-Executive Independent Directors and its members comprise majority of the Non-Executive Independent Directors. The Executive Directors are not members in the respective Board Committees.

Taking into consideration the nature of the Group's operations, the Nominating Committee and the Board believes the current size of the Board and Board Committees are adequate for effective decision-making. The Board and Board Committees can exercise objective judgement on corporate affairs and provide sufficient diversity of expertise to lead and govern the Company effectively. The Nominating Committee and the Board are satisfied that no individual member of the Board dominates the Board's decision making and that there is sufficient accountability and capacity for independent decision-making.

Rule 210 (5) (d) (iv) of the SGX-ST Listing Manual

Under Rule 210 (5) (d) (iv) of the SGX-ST Listing Manual, the Singapore Exchange Regulation now limit to nine years the tenure of independent director serving on the boards of listed issuers. None of the Company's Non-Executive Independent Directors, from the date of their first appointment to the end of FY2024, have reached the 9 years limit.

The Board recognizes that Independent Directors may over time develop significant insights into the Group's businesses and operations and can continue to provide noteworthy and valuable contributions objectively to the Board as a whole. The independence of the Independent Directors must be based on the substance of their professionalism, their integrity and objectivity, and not merely based on form, such as the number of years which they have served on the Board.

The Board, with the recommendations from the Nominating Committee, may invite the Non-Executive Independent Director who has served for more than 9 years from the date of his appointment [maximum tenure as specified under Rule 210 (5) (d) (iv)] to continue as a Non-Executive Non-Independent Director.

The Board, with the recommendation from the Nominating Committee, has asked Mr David Tan Chao Hsiung to continue as a Non-Executive Non-Independent Director. It should be noted that Mr David Tan has abstained himself, at both the Board and Nominating Committee, from any discussions on this subject matter. The Board believes that with his accumulated significant insights into the Group's businesses, he will continue to provide valuable contributions as before, notwithstanding, he is no longer deemed independent under Rule 210 (5) (d) (iv). Mr David Tan has agreed to continue as a Non-Executive Non-Independent Director. He was re-designated as a Non-Executive Non-Independent Director at the conclusion of the AGM dated 25 April 2024.

The Company as at 17 March 2025, has 1,299 shareholders – for details on the spread of shareholdings please refer to page 120 of this Annual Report 2024.

The two largest shareholders (with direct interest) representing 62.8% (#) of the total issued ordinary shares (exclude treasury shares and subsidiary holdings, if any) are Executive Directors of the Company and immediate family members – the Executive Chairlady and Executive Deputy Chairman and CEO. The interests of minority shareholders are well represented through the Non-Executive Independent Directors, who make up majority of the Board as specified under Rule 210(5) (c) of the SGX-ST Listing Manual.

Both Executive Directors have a deemed interest of shares owned by their immediate family members; total interests (direct and deemed) is 69.0%

CORPORATE GOVERNANCE REPORT

Board Composition and Diversity

The Company's Board Diversity Policy endorses the principle that its Board should have a balance of skills, knowledge, management experience and diversity of perspectives appropriate to its businesses so as to mitigate groupthink and foster constructive debate. The Company also recognizes that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline and other aspects of diversity (such as gender and age) of the Directors.

The Nominating Committee considers all aspects of board diversity when reviewing and assessing the composition of the Board and when making recommendations to the Board for the appointment of Directors to arrive at an optimal balanced composition of the Board. The Board Diversity Policy also provides for the Nominating Committee to discuss and recommend annually to the Board, targets and timelines, for promoting and achieving diversity on the Board.

The Company has a skills matrix to help identify gaps in the Board. The matrix classifies operation skills, management experience and knowledge of the existing directors into broad categories such as industry knowledge, management expertise and professional skills in finance and accounting, risk management, legal, sustainability, corporate finance/mergers and acquisitions, digital/technology and human resources.

A description of the background of each Director is presented in the "Board of Directors' Profile" section of this Annual Report 2024. As a Group, the Directors bring with them a broad and diverse range of industry knowledge, expertise and working experience in areas such as business, management, operations, financial and accounting (including mergers and acquisitions and capital markets), risk management and legal which are relevant to the Group and its industry.

The Nominating Committee conducts its annual review of the composition of the Board, which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences, meets the requirements of the Group. All Directors will submit to the Nominating Committee on an annual basis a completed Board Evaluation Questionnaire (including board diversity). The Nominating Committee has reviewed the completed Questionnaire for FY2024, is satisfied that the Board has the appropriate mix of expertise and experience and collectively possesses the necessary group core competencies to lead and govern the Group effectively.

The Board is also of the view that the present Board size and composition is appropriate for the current scope and nature of the Group's operations. It provides board diversity and allow for informed and constructive discussion and effective decision making at the Board meetings. The Board's decisions are undertaken on a unanimous basis and no individual or group can dominate the Board's decision-making process.

There is also an appropriate balance and diversity of skills and experience in the Board. Although all the Directors are responsible for the Group's operations, the role of the Non-Executive Directors are particularly important in ensuring that the strategies proposed by Management are constructively challenged, discussed and examined, and take into account the long-term interests, not only of the shareholders, but also of employees, customers (or business partners), suppliers and the many communities in which the Group conducts its businesses in. The Non-Executive Directors also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performances. The Board will, however, continue to review opportunities to refresh the Board with a view to expanding the skills, management experience and diversity of the Board as a whole.

CORPORATE GOVERNANCE REPORT

Board Diversity Targets and Progress in FY2024	
Targets	**Progress**
(1) Independent Directors to constitute at least one third of the Board. This is in compliance with Rule 210(5) (c) of the SGX-ST Listing Manual.	Currently, the Board comprises of 6 members in which three of them are Non-Executive Independent Directors. The target is met as 50% of the Board consists of the Independent Directors.
(2) To bring female representation on the Board to 25% by 2025 and 30% by 2030. This is in line with the recommendations made by the Singapore Council for Board Diversity.	As at 31 December 2024, the Company has 2 female Directors on its Board, representing 33.3%. The target has been achieved.
(3) Maintain age diversity with Directors' age ranging from below 50s to below 75s with majority of the Directors in the 60s to 70s range.	As at 31 December 2024, the Company has 2 directors below the age of 60 and 4 directors below the age of 75. The Board has continued to maintain this target.
(4) Achieving a balance of skill set on the Board to achieve the Company's strategic objectives	The Board has continued to maintain this target.

Meeting of Independent Directors without Management

During the financial year, the Non-Executive Directors, led by the Lead Independent Director, have met several times (without the presence of Management) both formally and informally; notably, to discuss cessation and appointment of Key Management Personnel, remunerations of the Executive Directors and Key Management Personnel (including the granting of performance shares), and feedback from both the Internal and External Auditors. Where appropriate, the Lead Independent Director will meet with the other Non-Executive Directors without the presence of the Executive Directors, and the Lead Independent Director will provide feedback and recommendations to the Executive Chairlady after such meetings.

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.

Separation of The Chairman and Chief Executive Officer ("CEO")

The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman (in our Company, Chairlady), Madam Cheng Woei Fen who is also an Executive Director, is responsible for leading the Board and facilitating its effectiveness. She promotes high standards of corporate governance on the Board and within the Group. The CEO is responsible for the operations, business direction, strategic positionings and business expansion of the Group. Prior to 8 April 2024, the Group does not have a CEO as the functions of the CEO were shared between the two Executive Directors, Madam Cheng Woei Fen and Mr Quek Kian Hui, who is the son of the Executive Chairlady.

CORPORATE GOVERNANCE REPORT

As part of the Group's succession planning, effective from 8 April 2024, Mr Quek Kian Hui, the Executive Deputy Chairman, assumed the role of the CEO. With this appointment, Madam Cheng Woei Fen will focus on strategic matters and Mr Quek Kian Hui will oversee the execution of the daily operations of the Group. Mr Quek Kian Hui is assisted by the COO and the Executive Committee. The Executive Committee is responsible for all operation matters including manpower resource planning, budgetary controls, commitments to new project works and tenders, finance and treasury functions and acts in accordance with the policies and objectives set by the Board.

All major proposals and decisions made by the two Executive Directors are discussed and reviewed by the Audit Committee. Their performance and appointment are reviewed periodically by the Nominating Committee and their remuneration packages are reviewed periodically by the Remuneration Committee. As the Board Committees consist of majority of the Non-Executive Independent Directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against a possible concentration of power and authority in any single individual or when a familial relationship exists between the Executive Chairlady and the CEO.

Role of Chairlady

The Group's Executive Chairlady, Madam Cheng Woei Fen, plays an instrumental role in developing the business strategies of the Group and provides it with strong leadership and vision. She leads the Board in its review of the Group's business strategies in key markets (including identifying new markets), deployment and allocation of financial and human resources, corporate governance, human resource management and development and serves as a one of the key contact (the other is the Executive Deputy Chairman and CEO) to all business and joint venture partners. Besides management oversight of the Group's performance, she also ensures that each member of the Board and Management works well together with integrity and competency. She shares this role with the Executive Deputy Chairman and CEO.

The Executive Chairlady ensures that the Board meetings are held as and when necessary. She leads the Board to ensure its effectiveness and approves the agenda of each Board meeting in consultation with the Management team and Company Secretary(ies). The Executive Chairlady reviews the Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate, accurate, timely and clear information. The management staff who has prepared the Board papers, or who can provide additional insight into the matters to be discussed, is invited to present at the relevant time during the Board meeting.

During the Board meetings, the Executive Chairlady will ensure that adequate time is available for discussion of all agenda items, in particular strategic issues. The Executive Chairlady monitors communications and relations between the Company and its shareholders, between the Board and Management, and between the Non-Executive and Executive Directors, with a view to encouraging a culture of openness and constructive dialogue amongst them. The Executive Chairlady works to facilitate the effective contributions of Non-Executive Directors. She also sets guidelines and exercise the quality, quantity, accuracy and timeliness of information flow between the Board and the Management at the various meetings. She also takes a leading role in ensuring the Group's drive to achieve and maintain a high standard of corporate governance practices with the full support of the Board, the Company Secretary(ies) and the Management.

Appointment of Lead Independent Director

In our Company, as the roles of the Executive Chairlady and CEO are held by two individuals who share close family ties, the Nominating Committee has determined that the Executive Chairlady is not independent. The Board has appointed Mr Seah Hai Yang, a Non-Executive Independent Director, as the Lead Independent Director. He will coordinate and lead the Non-Executive Directors (both independent and non-independent) and to provide a non-executive perspective and contribute towards a balance of viewpoints on the Board. Mr Seah Hai Yang is available to shareholders, where they have concerns, where contact through the normal channels of the Executive Chairlady, CEO or the CFO has failed to resolve an issue or for which such contact is inappropriate. There was no query received or request on any matters which require the Lead Independent Director's attention in FY2024.

CORPORATE GOVERNANCE REPORT

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.

The Nominating Committee comprises of four Non-Executive Directors in which the majority (including the Chairlady) are Independent Directors:

Elaine Beh Pur-Lin (Chairlady)
Seah Hai Yang
Mah Kai Leong
David Tan Chao Hsiung

The Nominating Committee held two formal and several informal meetings during the financial year.

The Chairlady of the Nominating Committee and majority of its members are considered independent pursuant to the definition of independent under the 2018 Code and the SGX-ST Listing Manual. Mr Seah Hai Yang, who is the Lead Independent Director, is also a member of the Nominating Committee. The Nominating Committee is governed by the terms of reference endorsed by the Board which clearly set out its duties and responsibilities. Its responsibilities include the following:

1. Making recommendations to the Board on succession plans for the Directors, in particular, all Board appointments and appointment of Key Management Personnel. During the nomination and selection process for new Director(s), the Nominating Committee identifies the key attributes that an incoming Director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group, taking into consideration age, gender as well as the diversity in their skill sets and experience. The Nominating Committee will also identify any gaps in the Board's skill set, considering the Group's strategy and business operations. The Nominating Committee seeks to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory. After endorsement by the Board of the key attributes, the Nominating Committee taps on the resources of Directors' personal contacts and recommendations of potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies may be appointed to assist in the search process. Interviews are set up with potential candidates for the Nominating Committee to assess them, before a decision is being taken;

2. Making recommendations to the Board on the re-nomination of Directors at regular intervals and at least once every three years for each Director, as required by the Constitution of the Company. In its deliberations on the re-nomination of existing Directors, the Nominating Committee takes into consideration the Director's integrity, independence, mindedness, contribution and performance (including, if applicable, his contribution and performance as a Non-Executive Director). The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of intervention and special contributions. The Executive Chairlady will give feedback to the Nominating Committee on the appointment of new Directors or retirement or resignation of existing Directors, following the outcome of an annual performance evaluation of individual Directors, and the Nominating Committee will take into consideration her views in this regard;

3. Reviewing the criterion in performance evaluation of the Board, the Board Committees, Directors and reviewing the professional development requirements for Directors; and

4. Determining the independence of Directors annually. In doing so, the Nominating Committee considers the definitions and guidelines of independence as set out under Provision 2.1 of the 2018 Code, Rule 210 (5) (d) of the SGX-ST Listing Manual, and any other salient factors. Following its annual review, the Nominating Committee has endorsed the independent status of the Non-Executive Independent Directors.

CORPORATE GOVERNANCE REPORT

The Nominating Committee noted that the members of the Board Committees are experienced Directors who are also currently board members of other listed companies. In this respect, each will also have additional avenues on training and updates on professional development programs. The Nominating Committee will review the training needs of the Board and where appropriate, recommend external training and seminars, or arrange for in-house briefings, to keep the members abreast of the updates and developments to enable them to fulfil their roles. The cost of professional development programs will be borne by the Company.

Continuous Review of Directors' Independence

The Board recognizes the contribution of its Independent Directors who have over time developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its Independent Directors and to retain the services of the Directors, as necessary. With effect from 11 January 2023, the Singapore Exchange Regulation now limit to nine years the tenure of independent directors serving on the boards of listed issuers. The Board have complied with this ruling.

The independence of each Director is assessed and reviewed annually by the Nominating Committee, which will consider whether a Director has business relationships with the Group, its substantial shareholders (5% or more shareholders) and if so, whether such relationships could interfere or be reasonably be perceived to interfere, with the exercise of the Director's independent business judgement in the interest of the Group. No individual or small group of individuals dominates the Board's decision making. The assessment follows the Provision 2.1 of the 2018 Code and Rule 210 (5) (d) of the SGX-ST Listing Manual.

The Board after taking into consideration the views of the Nominating Committee, is of the view that Mr Seah Hai Yang, Mr Mah Kai Leong and Ms Elaine Beh Pur-Lin are considered independent and that, no individual or small group of individual dominates the Board's decision-making process.

Directors' Time Commitments

The Nominating Committee ensures new Directors are aware of their duties and obligations. For re-nomination and re-appointment of Directors, the Nominating Committee takes into consideration the competing time and commitments faced by directors and their ability to devote appropriate time and attention to the Company and Group.

Each Director is required to confirm annually to the Nominating Committee as to whether he or she has any issue with competing time commitments which may impact his or her ability to provide sufficient time and attention to his or her duties as a Director of the Company. Based on the Directors' annual confirmation and the Directors' commitments and contributions to the Company, which are evident in their level of attendance and participation at the Board and Board Committees' meetings, the Nominating Committee and the Board are satisfied that all the Directors were able to and have been adequately carrying out their duties as Directors of the Company in FY2024.

Please refer to the section entitled "Board of Directors' Profile" of the Annual Report for the listed company directorship and principal commitments of each Director.

Currently, none of the Directors have appointed alternates. If alternate Directors are appointed, it will be for a limited period and for exceptional cases such as medical emergencies.

Re-Election of Directors at the Forthcoming AGM

Pursuant to Regulation 108 of the Constitution of the Company, at least one-third of the Board is required to retire via rotation at each AGM. Accordingly, Madam Cheng Woei Fen and Mr David Tan Chao Hsiung are the Directors retiring via rotation at the forthcoming AGM. The Nominating Committee, having considered the individual performance and contributions of Madam Cheng Woei Fen and Mr David Tan Chao Hsiung, has recommended the retiring Directors for re-election at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Subject to being duly re-elected at the forthcoming AGM,

(1) Madam Cheng Woei Fen will remain as the Executive Chairlady; and

(2) Mr David Tan Chao Hsiung will remain as Non-Executive Non-Independent Director and a member of the respective Audit Committee, Remuneration Committee and Nominating Committee.

Key information on Directors proposed to be re-elected to the Board are as follows:–

Name of Director	**Madam Cheng Woei Fen**
Age	67
Country of principal residence	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process):	The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, expertise, diversity of skillsets and commitment in the discharge of duties by Madam Cheng Woei Fen as the Executive Chairlady of the Company. The Board has reviewed and concluded that Madam Cheng Woei Fen possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and existing businesses of the Group and is suitable for re-election as the Executive Chairlady of the Company.
Whether appointment is executive, and if so, the area of responsibility:	The appointment is Executive. Responsible for the performances of the Group's key businesses, building new business relationships and developing Group's business strategies.
Shareholding interest in the listed issuer and its subsidiaries	The Company 278,997,600 shares (Direct Interest) 36,167,400 shares (Deemed Interest)* Subsidiaries of the Group Nil * *deemed interest of Madam Cheng Woei Fen derived from the interests held by her son, Mr Gabriel Quek Kian Teck (a substantial shareholder) and interest held by her spouse*
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mother to Executive Deputy Chairman and CEO, Mr Quek Kian Hui. Mother to Mr Gabriel Quek Kian Teck (a substantial shareholder)
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the SGX-ST Listing Manual has been submitted to the listed issuer	Yes
Principal Commitments including Directorships	Past (for the last 5 years) Nil Present Nil Other Principal Commitments Nil

CORPORATE GOVERNANCE REPORT

Name of Director	**Mr David Tan Chao Hsiung**
Age	64
Country of principal residence	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process):	The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance, preparedness, participation, candour, expertise, diversity of skillsets and commitment of Mr David Tan Chao Hsiung as Non-Executive and Non-Independent Director of the Company. The Board has reviewed and concluded that Mr David Tan Chao Hsuing possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and is suitable for re-election as Non-Executive Non-Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility:	Non-Executive.
Shareholding interest in the listed issuer and its subsidiaries	<u>The Company</u> Nil <u>Subsidiaries of the Group</u> Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the SGX-ST Listing Manual has been submitted to the listed issuer	Yes
Principal Commitments including Directorships	<u>Past (for the last 5 years)</u> Nil <u>Present</u> Powermatic Data Systems Limited (Non-Executive Non-Independent Director) Hock Lian Seng Holdings Limited (Independent Director) International Cement Group Ltd. (Independent Director) <u>Other Principal Commitments</u> Nil

CORPORATE GOVERNANCE REPORT

The retiring Directors have responded negative to items (a) to (k) as listed in Appendix 7.4.1 (Announcement of Appointment) of the SGX-ST Listing Manual for FY2024.

Notwithstanding the above, Madam Cheng Woei Fen and Mr David Tan Chao Hsiung have voluntarily provided the following information in response to item (j) of Appendix 7.4.1.

On 5 April 2021, Mun Siong Engineering Limited was informed by the Ministry of Manpower (MOM) that it was debarred from applying for new work passes until 29 December 2021 due to a breach of Section 25(3) of the Employment of Foreign Manpower Act. Additionally, on 18 March 2021, MOM imposed an Administrative Financial Penalty of $15,000, which was paid. The Company appealed and on 13 April 2021, MOM responded to this appeal by shortening the debarment period from 29 December 2021 to 30 June 2021 without imposition of any conditions.

A former Company's employee, due to his oversight had not obtained documentary proof from each of the said 6 work pass workers when he made the submissions to MOM for their transfer from their original employer to the Company.

In 2021, the Audit Committee requested an internal auditor to review the work pass application procedures. The Company had accepted and implemented the recommendations from this review.

None of the Directors of Mun Siong Engineering Limited was fine nor received any letter of warning.

For further details, please refer to Mun Siong Engineering Limited announcements dated 6 April 2021 and 22 April 2021.

Assessment by the Nominating Committee and the Board on the suitability of Madam Cheng Woei Fen and Mr David Tan Chao Hsiung pursuant to Rule 210 (5) (b) of the SGX-ST Listing Manual.

The Nominating Committee and the Board noted that no fine nor issuance of letter of warning was imposed against Madam Cheng Woei Fen and Mr David Tan Chao Hsiung. The Nominating Committee also assessed individually, Madam Cheng Woei Fen and Mr David Tan Chao Hsiung, overall contribution and performance as Directors of the Company. The Nominating Committee and the Board is of the view that, Madam Cheng Woei Fen and Mr David Tan Chao Hsiung, are individually suitable to be appointed as a director of a listed company in Singapore. Both Madam Cheng Woei Fen and Mr David Tan Chao Hsiung abstained themselves from all discussions and review. Mr Quek Kian Hui, son to Madam Cheng Woei Fen also recused himself from the discussions and abstained from making any recommendations.

Accordingly, the Nominating Committee and the Board recommend the re-election of Madam Cheng Woei Fen and Mr David Tan Chao Hsiung as Executive Chairlady and Non-Executive Non-Independent Director of the Company respectively.

On a separate matter, Mr David Tan Chao Hsiung has also voluntarily provided the following information

Singapore Exchange Limited (the "SGX-ST")

On 23 July 2008, the SGX-ST had written to Omega Capital Limited (the "Omega Capital") requiring Omega Capital to appoint an independent professional firm to conduct a review and recommend improvements to its internal processes, raise its due diligence standards and build up its expertise and resources. Following a review of Omega Capital, SGX-ST had concluded that Omega Capital had not fully met the standards expected of an issue manager and financial adviser in some instances. Mr David Tan Chao Hsiung ("Mr Tan") was the chief executive officer and substantial shareholder of Omega Capital.

Omega Capital duly complied with SGX-ST directive in appointing an independent professional firm and implemented the recommendations made by the professional firm.

CORPORATE GOVERNANCE REPORT

Monetary Authority of Singapore (the "MAS")

CMS Licence renewal:

Omega Capital's Capital Markets Service licence (the "CMS Licence"), which was issued by the MAS, was due for renewal in March 2009.

Omega Capital, on its own accord, did not seek a renewal of its CMS Licence. Supervisory warnings:

1. On 21 August 2009, Omega Capital was given a written warning by the MAS for contravention of Section 96(1) of the Securities Future Act ("SFA"). This was related to the appointment of a director onto the board of directors of Omega Capital without prior approval of the MAS. No penalty was imposed against Omega Capital or its directors.

2. On 21 August 2009, Mr Tan was given a warning by the MAS for not promptly informing them on the disposal of his interest in a private company and the resignation of his directorship in that company. No penalty was imposed on Mr Tan.

3. On 12 February 2007, one of Omega Capital's directors was given a supervisory warning for contravention of Section 84(1)(b) of the SFA as Omega Capital had submitted its licence renewal application less than one month before the expiry. No penalty was imposed on the director concerned or Omega Capital or its directors.

4. On 8 November 2004, Omega Capital was given a written warning for non-compliance with Regulation 5 of the Securities & Futures (Licensing & Conduct of Business) Regulations on its failure to notify the MAS on changes to a representative's particulars. This was related to Mr Tan's resignation as an independent director in a listed company. No penalty was imposed against Omega Capital or Mr Tan.

5. On 18 October 2004, Omega Capital was given a written warning on the non-compliance with licence condition and the Securities and Futures (Financial & Margin Requirements for Holders of Capital Markets Services Licences) Regulations 2002 on the following issues:

   (i) Failure to promptly notify MAS of effective date of the change to shareholdings of one of the directors even if the change does not require prior approval from the MAS;

   (ii) Failure to comply with regulation 27 of the SFA – late lodgement of statement of assets and liabilities in Form 1 and statement of financial resources and total risk requirement in Form 5; and

   (iii) Failure to promptly notify MAS of the resignation of one of the directors. No penalty was imposed against Omega Capital or its directors.

Assessment by the Nominating Committee and the Board on the suitability of Mr David Tan Chao Hsiung pursuant to Rule 210 (5) (b) of the SGX-ST Listing Manual.

The Nominating Committee and the Board (with Mr David Tan Chao Hsiung abstaining), having considered that no penalty was imposed against Mr David Tan Chao Hsiung, and having considered the Nominating Committee's assessment of Mr David Tan Chao Hsiung's overall contribution and performance as a Director of the Company, is of the view that, notwithstanding the above disclosure, Mr David Tan Chao Hsiung is suitable to be appointed as a director of a listed company in Singapore. Accordingly, the Nominating Committee and the Board recommend the re-election of Mr David Tan Chao Hsiung as the Non-Executive Non-Independent Director of the Company.

CORPORATE GOVERNANCE REPORT

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.

The Board has a process for assessing its effectiveness as a whole (including Board Committees) and for assessing the contribution by each Director to the effectiveness of the Board. The Board, through the Nominating Committee, uses its best efforts to ensure that Directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and accounting and management skills critical to the Group's businesses. It has also ensured that each Director, with his/her special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The Nominating Committee has established a formal review process to assess the performance and effectiveness of the Board as a whole and of its Board Committees, as well as the contribution by the Executive Chairlady and each individual Directors to the effectiveness of the Board.

The Nominating Committee assesses the performance of the Board and its Board Committees, annually, using objective and appropriate criteria which were approved by the Board. On an annual basis, all Directors will complete a Board evaluation questionnaire. The questionnaire is designed to seek their views on the various aspects of the Board and its Board Committees performance and competencies to assess the overall effectiveness of the Board and its Board Committees. To ensure confidentiality, the completed questionnaires are submitted to the Company Secretary for collation. The consolidated responses are presented to the Nominating Committee for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the effectiveness of the Board and its Board Committees.

Following the review in FY2024, the Board is of the view that the Board and its Board Committees operate effectively, and that each Director is contributing to the overall effectiveness of the Board and its Board Committees.

The Nominating Committee has not engaged any external facilitator in FY2024 to assist in the assessment of the performance of the Board and Board Committees.

Board and Board Committee Evaluation Criterion

The performance criterion for the Board and Board Committees evaluations are in respect of its size and composition, independence, processes, information, accountability and performance in relation to discharging its principal functions as set out in their respective terms of reference.

The primary objective of the Board evaluation exercise is to create a platform for the Board and its Board Committees' members to provide constructive feedback on its procedures and processes and where necessary make changes to enhance the effectiveness of the Board and its Board Committees.

Evaluation of the Executive Chairlady

The evaluation of the Executive Chairlady is undertaken by the Nominating Committee and the results are reviewed by the Board.

The assessment of the Executive Chairlady is based on her ability to lead, whether she established proper procedures to ensure the effective functioning of the Board, and the time devoted to Board meetings were appropriate and are conducted in a manner that facilitate open communication and meaningful participation for effective discussion and decision making by the Board. She also ensured that the Board Committees formed were appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

CORPORATE GOVERNANCE REPORT

Individual Director Evaluation

Individual Director's performance is evaluated annually and informally on a continual basis by the Nominating Committee and the Executive Chairlady. The assessment of individual Directors (including Executive Chairlady) is done through peer-assessments, whereby the assessment parameters for such individual evaluation are consolidated in the questionnaire together with the assessment of the effectiveness of the Board. Other factors taken into consideration by the Nominating Committee and the Executive Chairlady include the value of contributions to the development of strategies, availability at Board meetings (as well as informal contributions via email and telephone), interactive skills, industry and business knowledge and experience each Director possesses which are crucial to the Group's businesses.

The individual Director evaluation exercise assists the Nominating Committee in determining whether to re-nominate Directors who are due for retirements at the forthcoming AGM and in determining whether Directors with multiple board representations can adequately discharge their duties as Directors of the Company.

Nonetheless, the replacement of a Director, when it happens, does not necessarily reflect the Director's performance or contributions to the Board, but may be driven by the need to align the Board with the medium-term or long-term needs of the Group.

When deliberating on the performance of a particular Director who is also a member of the Nominating Committee, that member abstains from the discussions to avoid any conflicts of interests.

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.

Remuneration Committee

The Remuneration Committee comprises of four Non-Executive Directors in which the majority (including the Chairman) are Independent Directors:

Mah Kai Leong (Chairman)
Seah Hai Yang
Elaine Beh Pur-Lin
David Tan Chao Hsiung

The Chairman of the Remuneration Committee and majority of its members are considered independent pursuant to the definition of independent under the 2018 Code and SGX-ST Listing Manual. The Remuneration Committee is principally responsible for assisting the Board to establish a formal and transparent process for developing policies on remuneration and development. The Remuneration Committee has adopted terms of reference approved by the Board which clearly sets out its duties and responsibilities including the following:

- Reviewing and recommending to the Board for endorsement, a framework of remuneration for the Board and Key Management Personnel. Key Management Personnel comprises of the Executive Directors and Senior Management of the Executive Committee. The framework for Key Management Personnel covers all aspects of executive remuneration (including but not limited to Directors' fees, salaries, allowances, bonuses (including profit sharing arrangement), allotment of performance shares and benefits-in-kind); and

CORPORATE GOVERNANCE REPORT

- Recommending the specific remuneration packages for each Executive Director and Key Management Personnel.

No Director is involved in deciding his/her own remuneration, except in providing information and documents if specifically requested by the Remuneration Committee to assist in its deliberations.

In framing the Group's remuneration policy as described above, the Remuneration Committee may from time to time refer to market reports on average remuneration or seek external expert or independent professional advice of which the expenses will be borne by the Company. For FY2024, the Remuneration Committee has not sought external advice nor appointed remuneration consultants in considering the remuneration of Directors.

To further align the interest of Key Management Personnel with shareholders, the Company has put in place a performance share plan. This was approved and adopted by the shareholders in the FY2016 AGM held on 20 April 2017 for a maximum duration of 10 years from the date of adoption. Details of the plan are set out in the Directors' Statement on pages 53 to 55 of this Annual Report 2024.

Level and Mix of Remuneration

Principle 7: The level and structure of the 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.

The Remuneration Committee seeks to establish and maintain an appropriate and competitive level of remuneration to attract, retain and motivate Key Management Personnel (persons having authority and responsibility for planning, directing, and controlling the activities of the Group). The Remuneration Committee also ensures that the remuneration policies support the Group's objectives and strategies. In structuring the compensation framework, the Remuneration Committee takes into consideration the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

The Remuneration Committee reviews on an annual basis the remuneration of the Executive Directors and Key Management Personnel to ensure that their remuneration packages are commensurate with their performance and that of the Company/Group, giving due regards to the financial and commercial health and business needs of the Company/Group.

The Executive Directors do not receive Directors' fees but are remunerated as members of Management.

During FY2024, the Remuneration Committee also reviewed the current employment terms and conditions (including remuneration) of Executive Directors and Key Management Personnel. The Remuneration Committee is satisfied that the terms and conditions (including remuneration) for Executive Directors and Key Management Personnel are reasonable and within the specific mandates from the Board and are also in line with the Group's existing human resource policies. The Remuneration Committee also reviews the Company's obligations, in the event of termination of the Executive Directors and Key Management Personnel, and is satisfied that their service contracts (if any) do not contain unfair and unreasonable termination clauses which are overly generous. The Remuneration Committee has recommended the aforesaid to the Board for adoption.

Provisions allowing the Company to reclaim incentive components of remuneration from the Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company/Group have been incorporated into their service agreements (when entered into) and employment contracts. The extent of the claw-back on incentive component has been capped at up to the amount paid over the past three financial years. In addition, the Executive Directors owe fiduciary duties to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

The service agreements between the Company and the Executive Director (Madam Cheng Woei Fen) expired in FY2019. Should the Company enter into a service agreement with the Executive Director(s), it will be for a fixed appointment period and not contain onerous removal/termination clauses. The Executive Directors' compensation currently comprises of salary and bonuses. The performance bonuses will be linked to the performance of the Group as a whole and individual performance. The former aligns with the interests of shareholders and link rewards to corporate goals and the latter on individual performance.

The remuneration package of Key Management Personnel comprises both fixed and variable components and benefits. The Company subscribes to linking executive remuneration to corporate (with the emphasis on enhancing shareholders' value and long-term success of the Group) and individual performance based on annual appraisal of employees and using performance indicators such as core values, competencies, key result areas, performance rating, and potential of the employees.

(a) Fixed Component

Fixed pay comprises basic salary, statutory employer's contributions to the Central Provident Fund and fixed allowances. To ensure that Executive Directors and Key Management Personnel's remuneration are consistent and comparable with market practice, the Remuneration Committee also regularly benchmarks remuneration components against those of comparable companies, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

There was no salary increment for the Executive Chairlady in FY2024.

(b) Variable Component

This component comprises of variable bonus based on the Group's and the individual's performance, as well as monthly variable component of the basic salary. To link rewards to performance, the more senior the executive is in the Group, the higher is the percentage of the variable component against total compensation. A comprehensive and structured assessment of the performance of key executives, against selected key performance indicators, is undertaken each year. Performance bonuses payable to Executive Directors and Key Management Personnel are reviewed by the Remuneration Committee and approved by the Board to ensure alignment of their interests with those of shareholders.

Performance bonuses computed based on the audited results, will only be paid to Executive Directors and Key Management Personnel in the following year. For example, the FY2022 performance bonuses were paid to Executive Directors and Key Management Personnel in 2023 based on the FY2022 audited results.

In FY2023, the Group was in a net loss position. No performance bonus was declared and paid out in 2024.

However, considering the high costs of living, a one-off inflation support bonuses were paid to employees including Key Management Personnel in 2024. We have accounted this under benefits in kind.

(c) Benefits

The benefits provided are consistent with market practice and include medical benefits, flexible benefits, overseas allowance and transport allowance. Eligibility for these benefits will depend on individual salary grade and length of service.

The MSE Performance Share Plan was approved by the shareholders at the AGM held on 20 April 2017 and adopted by the Company. The duration of the plan, commencing on the date of adoption, is for a maximum period of 10 years. The Company did not award any shares to any employee in FY2024. Details of the plan are set out in the Directors' Statement on pages 53 to 55 of this Annual Report 2024.

CORPORATE GOVERNANCE REPORT

Remuneration of Non-Executive Directors

Directors' fees are subject to approval by the shareholders at the AGM. Factors such as level of contribution, effort and time spent, and responsibilities and leadership of the Non-Executive Directors are considered when determining their level of fees. The Remuneration Committee is mindful that the remuneration for the Non-Executive Independent Directors should not be excessive that will compromise or reasonably be perceived to compromise their independence. No member of the Remuneration Committee is involved in deliberating and deciding in respect of any remuneration, compensation, or any form of benefits to be granted to him or her.

In FY2017, the Non-Executive Independent Directors on their own accord offered a reduction in their Directors' fees and since then, there was no increase in their Directors' fees until FY2021. The Board concurred with the Remuneration Committee that the Directors' fees for FY2022 to be increased by 2.7% from $113,000 (FY2021) to $116,000 for FY2022. The increase in fees is moderate and will reinstate part of the voluntary reduction they had undertaken previously. The FY2025 proposed fees for Non-Executive Independent Directors will be $116,000 (FY2024: $128,000, pro-rata basis). The higher fees in 2024 was due to the appointment of Mr Seah Hai Yang as an Independent Director on 1 February 2024.

The Board, with recommendation from the Remuneration Committee, has proposed that the Non-Executive Non-Independent Director fees for FY2025 to be $37,000 (FY2024: $23,000, pro-rated basis). Factors such as level of contribution, effort and time spent, and responsibilities of the Non-Executive Non-Independent Directors are considered when determining this level of fees. Mr David Tan Chao Hsiung was re-designated from Non-Executive Lead Independent Director to Non-Executive Non-Independent Director at the conclusion of the AGM on 25 April 2024.

The total Directors' fees of up to $153,000 for FY2025 (FY2024: $151,000), are recommended by the Board to be tabled for approval by the shareholders at the forthcoming AGM.

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.

A substantial portion of the Group's key customers (or business partners) are from the process industry that operates processing plants and facilities. Our customers' capital expenditures and operating budgets are closely correlated to global crude oil prices – both supply and economic outlook are the main determinants. In addition, both interest rates and corporate taxes have a significant influence on the quantum.

The Group links its remuneration policy to the achievement of key performance indicators. Key performance indicators of the Group are orientated towards retention of customers (or business partners), given that the process industry is dominated by a small number of major players, which is highly correlated to the Group's profitability and long-term financial performance. These key performance indicators would include project costing (at the tendering stage), project management capabilities, timely completion of projects in accordance with customer's time schedule, achieving targeted profit margins and achieving safety standards set by customers (or business partners).

For the Executive Chairlady, Executive Deputy Chairman and CEO and Key Management Personnel, their variable or performance related bonuses, besides individual performance, are also based on the Group's profitability.

The Group does not have any policy to pay post-employment and retirement benefits to its employees, including its Executive Directors.

CORPORATE GOVERNANCE REPORT

The Board exercises its discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Group. The overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to the Group's risk profile.

The remuneration of Directors and Key Management Personnel are set out below. The disclosure is provided to enable investors to understand the link between the remuneration paid to the Directors and Key Management Personnel, corporate and individual performance.

Remuneration table

		Breakdown in percentage				
	Total Remuneration $'000	**Based/Fixed Salary %**	**Director's Fees %**	**Variable or Performance-related Income/ Bonuses %**	**Benefits in kind %**	**Total %**
Directors						
Cheng Woei Fen	242	95.8	–	–	4.2	100.0
Quek Kian Hui	240	98.4	–	–	1.6	100.0
Seah Hai Yang[&]	37	–	100.0	–	–	100.0
Mah Kai Leong	37	–	100.0	–	–	100.0
Elaine Beh Pur-Lin	37	–	100.0	–	–	100.0
David Tan Chao Hsiung[#]	40	–	100.0	–	–	100.0

& pro-rated of fees from 1 May 2024 as Lead Independent Director and Audit Committee Chairman
 # pro-rated of fees up to 30 April 2024 for Lead Independent Director and Audit Committee Chairman

	Breakdown in percentage				
	Based/Fixed Salary %	**Variable or Performance-related Income/ Bonuses %**	**Benefits in kind %**	**MSE PSP %**	**Total %**
Top 5 Key Management Personnel					
$250,000 to $500,000					
Sean Safavinejad	98.6	–	1.4	-	100.0
Lim Poon Kheng, Eugene	86.6	–	3.8	9.6	100.0
Below $250,000					
Lin Yan	95.8	–	4.2	-	100.0
Teo Kheng Hock	95.2	–	4.8	–	100.0
Narayanan Parthasarathy	83.7	–	16.3	–	100.0

MSE PSP: relates to the Company's Performance Share Plan approved by shareholders on 20 April 2017.
Benefits in kind include one-off inflation support bonus

CORPORATE GOVERNANCE REPORT

In line with the Group's financial performance for FY2024, based/fixed salary formed a substantial portion of the total remuneration of the Executive Directors (including that of the Executive Chairlady and Executive Deputy Chairman and CEO) and Key Management Personnel.

The total remuneration for the top 5 Key Management Personnel was $1,314,000.

Save for the above disclosures for Madam Cheng Woei Fen and Mr Quek Kian Hui (son to Madam Cheng Woei Fen), there was no employee who was an immediate family member of a Director whose remuneration exceeded $100,000 during the year under review.

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.

The Board is responsible for the governance of risk and oversees the Company's risk management framework and policies and ensures that Management maintains a sound system of risk management and internal controls. The Board has delegated responsibility of risk governance to the Audit Committee. The Audit Committee will oversee the formulation and review, with the assistance from the Internal Auditors, the adequacy and effectiveness of the Group's management systems and internal controls and report to the Board annually on any internal control weaknesses.

Risk assessment and evaluation has become an essential part of the business planning and monitoring process. The Group has put in place a documentation on its risk profile which summaries the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks. The Enterprise Risk Management ("**ERM**") manual or documentation was developed by Management with the assistance from the Internal Auditor in 2017. The ERM is reviewed from time to time to ensure the potential risks are appropriately identified and was last updated by Management in FY2024. The internal auditors, CLA Global TS Risk Advisory Pte Ltd, performed a review of the FY2023 ERM and Management updated some of the risks assessments as per the Internal Auditor recommendations.

The documentation provides an overview of the Group's key risks, the appropriate risk tolerance limits set for the respective risks, their likelihood of occurrence and the consequential impact to the Group as a whole. Having identified the risks that affect the achievement of the Group's business objectives and/or financial performance, each business unit or department is required to document the mitigating and/or proposed actions in place in respect of each significant risk. It allows the Group to address the on-going changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process.

Having regard to the identified risks which the business is exposed to, the likelihood of such risks occurring and the risk tolerance accepted by the Group, the internal controls structure of the Group has been designed and put in place by the Group's business units and/or departments to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance and in compliance with applicable laws and regulations.

The Board acknowledges that it is responsible for the governance of the risks and the overall internal control framework but recognises that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risks of failure to achieve business objectives and can provide only reasonable and not absolute assurance against the occurrence of material errors or poor judgement in decision making.

CORPORATE GOVERNANCE REPORT

The significant key framework and policies on risk management are summarised as follows:

Contract pricing and operational risks

Contract pricing risk is the potential loss associated with tendering at prices below the cost of carrying out a project. The Group mitigates this risk by putting in place a stringent control process. The tender proposal is first drawn up by the Contracts Department and tabled for discussions with the tender evaluation team, whom is also the project execution team.

The Group has established an approval process that is based on the project value as a percentage of the Group shareholders' funds. Projects that are below a certain percentage of the Group's shareholders' funds are approved by the Executive Chairlady and Executive Deputy Chairman and CEO. Those more than certain percentage of the Group's shareholders' funds would require approval by the Board. In FY2024, there was no project that exceeded more than 10% of the Group's shareholder's funds that require Board approval.

Operational risk relates to the costs of not being able to complete a project or work on time or at over budgeted cost/contract value. The Management of the Group manages this risk by holding regular meetings with the project execution team to discuss and solve issues that are being raised and observed from the site inspection on work progress. Each project will be assessed at the end of each financial year and if there is foreseeable loss, an appropriate allowance provision will be made.

In the last five financial years (2020 to 2024), the Group reported only a provision for foreseeable loss (or onerous contracts) of $42,000 in 2020. This amount was subsequently recovered from the customer (or business partner) in 2021. No provision for foreseeable loss was made in FY2024.

Safety risk

The Group operates in an industry where safety ranks as one of its top priorities by the customers (or business partners). Breaches of safety regulations will result in heavy financial losses to the Group and severe operating restrictions imposed on the Group by customers (or business partners) and relevant regulatory authorities (for example the Ministry of Manpower). To ensure that the Group provides a reasonable and practicable safe working environment to our employees, the Group has a safety committee that ensures that the Group meets the safety requirements imposed by its customers (or business partners) and the relevant authorities. The Group also provides training to its staff regularly on safety procedures. The Audit Committee also reviews the safety records of the Group on a quarterly basis. During the year, our inhouse safety auditor carried out an audit on the Group's safety procedures. We are currently implementing the recommendations based on his audit findings. Please refer to page 47 of the Annual Report 2024 for more details.

Information system risk

Information system risk is the potential cost to the Group caused by loss of information through either failure of hardware or software or malicious cyber-attacks. The Group has a disaster recovery plan and a maintenance program for its accounting and management information system. In the event of disruptions, there are assurances for recovery. This will minimise disruption to businesses and operations. During the year, a cybersecurity audit was performed by an independent IT firm on our information system. We have implemented their recommendations based in their audit findings. Please refer to page 47 of the Annual Report 2024 for more details.

CORPORATE GOVERNANCE REPORT

Credit Risk

Credit risk is the risk of financial loss to the Group, resulting from the failure of a customer to discharge its financial and contractual obligations to the Group. The Group has a standard procedure in place which includes the approval of credit applications, performing credit evaluations, setting credit limits and the monitoring of credit risks on a regular basis. Cash terms or advance payments are required for customers with low credit rating process.

In recent months, the Malaysia Operations' major customer – PRefchem is taking a longer time to approve our claims for completed work orders. This resulted in a lag between our billings and approval of claims which has now exceeded 120 days as at 31 December 2024. Our billings awaiting approval now stands at $2.4 million. Management has intensified its engagement with PRefchem to expedite the approval process. Management has assessed that there is no credit risk and to date there are no objections/disputes on these claims awaiting approval.

Market concentration risk

Until FY2018, the Group's revenue was substantially from its Singapore operations. The Group's main customers (or business partners) are from the process industry which in turn, is dominated by a small number of big multi-national players. The majority of these multi-national companies are key customers (or business partners) of the Group, whom the Group has long-term relationships with.

To address both market and customers (or business partners) concentration risk, several initiatives to diversify its revenue base (including geographically) and broaden its range of services were undertaken. The Group currently has operations in Taiwan, Malaysia and North America.

For FY2024, the revenue contributions from the Malaysia Operations and US Operations account for 12.1% (FY2023: 6.3%) and 13.9% (FY2023: 3.0%) respectively. We are slowly gaining tractions in increasing our customer base or increasing our volume of work in these two markets.

At the Taiwan market, the Group was able to garner support from CPC Corporation ("CPC") – Taiwan government linked corporation. CPC, through its various operating units, had awarded the Company's Branch Office several contracts and these contracts made material contributions to the Group's profitability. However, due to certain unlawful actions by our consultant – who is not our employee and he carried out these unlawful actions without our knowledge or approval, the Company's Branch Office was suspended for a period of 3 years commencing December 2022. Please refer to our announcements dated 14 April 2021, 21 June 2022, 12 July 2022, 4 August 2022, 3 November 2022, 22 December 2022, 28 February 2023 and 6 October 2023. PAI, a wholly owned subsidiary which is outside of the 3-year suspension and allows us to better manage our risk, will continue to seek business opportunities in Taiwan.

Besides geographical diversification, the Group has increased its range of offerings. These include distributorship agency agreements of certain types of mechanical components (including distribution of automation tools), establishment of in-house scaffolding capabilities and providing specialised coating services.

Human resource risk

The Group is a service provider and is dependent on its human resources to achieve profitability and retain customers (or business partners). The Group faces risks of not being able to retain its pool of human resources. In its effort to retain and attract new talents, it provides staff with essential training and transparent career succession planning road map.

Profitability of the Group is dependent on the deployment of its directly employed workforce, which comprise majority of foreigners. Changes in manpower laws on the employment of foreigners, like government levies and quotas, have significant impact on our ability to continue to execute work orders and profitability.

CORPORATE GOVERNANCE REPORT

In view sizable project works (value above $3.0 million) in the near term would be few, the Singapore Operations will keep manpower at levels reflecting current work activities. Should there be an increase in work activities, we will supplement our existing manpower with subcontractors while we retain the project management role. Maintaining excess manpower is costly and strain on cashflow and affects profitability.

Compliance risk

The Company is incorporated in Singapore and its shares are listed and quoted on the SGX-ST. Besides the Company, the Group also has legal entities operating in various foreign jurisdictions, in which the Group is obligated to comply with all the local statutory and regulatory requirements. In Singapore, the Company must comply, particularly, the Companies Act 1967, Securities and Futures Act, SGX-ST Listing Manual and Employment of Foreign Manpower Act. Rapid changes in laws and regulations and practices in different jurisdictions have made compliance more complicated. Fraud or deliberate wrongful acts can result in financial loss to the Company and Group.

During FY2021, the Ministry of Manpower imposed against the Company both the administrative financial penalty and debarred it from employing foreign manpower for a period of 1 year after it was found to have breached Section 25 (3) of the Employment of Foreign Manpower Act. The breach arises from submissions made by the Company to the Ministry of Manpower without obtaining proper documentary proofs on employing foreign manpower. Following the appeal by the Company, the debarment was reduced to 6 months.

The Group also conducted, after the unlawful act by a consultant we engaged in Taiwan, a review of its existing consulting contracts to ensure that our other consultants, whom we engaged from time to time, do not engage in unlawful or unethical business practices.

The Group has an effective compliance framework which include putting in place the relevant internal control processes, policies and procedures, delegation of authority matrix, risk management and corporate governance policies to monitor the level of compliance and minimise the level of lapses. The Group also has an internal guideline (Code of Business Ethics and Conduct) and anti-corruption policies, which our employees are being briefed on as they are accountable for such compliances. The Group also maintains a whistle blowing policy whereby employees and other stakeholders can raise concern on any unethical, fraudulent act or corrupt practices, in good faith, without fear of retaliation for investigation and action, subject to applicable laws. Our Group Human Resource Department conducts training sessions on an annual basis to all employees within the Group to adhere to the Group's Code of Business Ethics and Conduct.

Assurances from the Executive Chairlady, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO")

In addition, the Board has received assurances from the Executive Chairlady, CEO and CFO:

- that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

- that the Group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology controls, and risk management systems within the current scope of the Group's business operations.

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditor as well as work performed by the External Auditors, and reviews performed by Management, the Audit Committee and the Board are of the opinion that the Group's internal controls are adequate and effective to address the financial, operational, compliance, information technology controls, and the risk management systems of the Group.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The Audit Committee comprises of four Non-Executive Directors in which the majority (including the Chairman) are Independent Directors:

Seah Hai Yang (Chairman)
Mah Kai Leong
Elaine Beh Pur-Lin
David Tan Chao Hsiung

None of the members of the Audit Committee is a former partner or director of the Company's existing audit firm (a) within a period of two years commencing on the date of their ceasing to be a partner of the audit firm or director of the auditing corporation and (b) for as long as they have any financial interest in, the Company's existing auditing firm or auditing corporation.

The Audit Committee held four formal meetings during the financial year. These meetings were also attended by the Executive Directors, CEO, COO, CFO and the Executive Committee members (including heads of business units) at the invitation of the Audit Committee. The Group's External Auditors and Internal Auditor were invited to present their audit plans and reports to the Audit Committee at the relevant junctures.

The Board is of the view that all the members of the Audit Committee are appropriately qualified to discharge their responsibilities as defined under the terms of reference which the Board had approved. Mr Seah Hai Yang is an accountant by training and has held senior accounting and finance appointments with private and public companies in various industries. He has been a founder and director of a consultancy company providing consultancy, accounting and the corporate secretarial support services. He has in the current and past, served on the board of directors as well as audit committee chairman of two other SGX-ST listed companies. Mr Mah Kai Leong, is a qualified mechanical engineer, held senior management position (with financial management experience) in a major processing plant in Singapore. Ms Elaine Beh Pur-Lin, a lawyer, has relevant working experience from her involvement in the board committees of both listed and non-listed companies. Besides this, she has in the current and past, served on the board of directors of three other SGX-ST listed companies. Mr David Tan Chao Hsiung is also an accountant by training and has relevant experience in financial restructuring, mergers and acquisitions and capital markets transactions. He has in the past and currently served in a number of the SGX-ST listed companies (both the Catalist and the Mainboard) as board member and holds offices of audit committee chairman, lead independent director and chairman of the other board committees.

The Audit Committee has a set of written terms of reference approved by the Board, clearly setting out their authority, duties and responsibilities. The Audit Committee is authorised by the Board to investigate any matter within its terms of reference and has full access to, and co-operation of Management, with full discretion to invite any Director or executive officer to attend its meetings. It has adequate resources to enable it to discharge its functions properly. During the meetings of the Audit Committee held during the financial year, the Audit Committee performed its functions and responsibilities as set out in its terms of reference, which include the following:

- Reviewing the significant financial reporting issues and judgments, its financial impact and to ensure the integrity of the financial statements of the Group. It also reviews the announcements relating to the Group's financial performance;

- Reviewing and reporting to the Board annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance controls, information technology controls and risk management systems;

CORPORATE GOVERNANCE REPORT

- Reviewing the independence, adequacy, and effectiveness of the Group's internal audit functions;

- Reviewing the adequacy, scope, approach and results of the audit and its cost effectiveness, and the independence and objectivity of the External Auditors;

- Reviewing the nature and extent of the External Auditors' non-audit services to the Group as well as the extent of reliance placed by the External Auditors on the Internal Auditor's work, seeking to balance the maintenance of objectivity and value for money;

- Making recommendations to the Board on the appointment, re-appointment and removal of the External Auditors, and approving the remuneration and terms of engagement of the External Auditors;

- Reviewing both Internal and External Auditors' audit plans and reports, the Internal and External Auditors' evaluation of the system of internal accounting controls, as well as the assistance given by Management to both the Internal and External Auditors;

- Reviewing the assurances from the Executive Chairlady, Executive Deputy Chairman and CEO and CFO on the financial records and financial statements;

- Reviewing the policy and arrangements for concern about possible improprieties in financial reporting and 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; and

- Reviewing the financial reports of the Group, prior to their submission to the Board.

The Audit Committee reviews the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems through discussion with Management and its auditors and the Board annually.

The Audit Committee also reviews the assurance from the Executive Chairlady, Executive Deputy Chairman and CEO and CFO on the financial records and statements.

To assist the Audit Committee in reviewing the Group's financial and operating performance, the Audit Committee has invited the COO, CFO and the heads of various business units (who are mostly Executive Committee members) to present the financial and operating performance of their units, explaining variances from budgets and understand the challenges that they face. This would enable the Audit Committee to have a better understanding of both the financial statements as well as the operations of the Group.

The Audit Committee has reviewed and is satisfied with the level of co-operation rendered by the Management to the External Auditors, the adequacy of scope and quality of their audits, and the independence and objectivity of the External Auditors.

During its review, the Audit Committee also met with the External and Internal Auditors on an annual basis, without the presence of the Management, to discuss the reasonableness of the financial reporting process, identification of internal control weaknesses and any matters that arose in the course of their work.

During the various meetings that the Audit Committee have with the External Auditors and the CFO, the members of the Audit Committee are briefed by them on the various accounting standards, including changes and issues that affects the Group's financial reporting.

CORPORATE GOVERNANCE REPORT

Financial Reporting Matters

The Board is responsible for providing a balanced and understandable assessment of the Group's financial performance position and prospects when presenting interim and other price sensitive public reports and reports to regulators (if required).

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards (International) (the "**SFRS (I)**") prescribed by the Accounting Standards Council. The Audit Committee meets on a quarterly basis to review the quarterly financial performance guidance updates, half yearly and the full year financial statements, SGXNet announcements and all related disclosures to shareholders (including where appropriate and necessary, press and media releases) before submission to the Board for approval. In the process, the Audit Committee reviews the key areas of management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the Group's financial performance position to ensure the integrity of the financial statements. In communicating and disseminating its results, the Board always aims to present a balanced and clear assessment of the Group's financial performance position and prospects.

Management provides the Board with accounts and such explanation and information on a regular basis and as and when the Board may require from time to time enabling the Board to make a balanced and informed assessment of the Group's financial performance position and prospects. On a quarterly basis, the Board receives updates from the various heads of the business units on the performance and developments under their charge.

Audit Committee comments on the Key Audit Matters

Revenue Recognition

The Audit Committee reviewed and concurred with the Management's revenue recognition method which is based on the percentage of completion method. Through the understanding of projects' progress at the quarterly updates by the Executive Directors, Executive Deputy Chairman and CEO, COO, project directors/managers and CFO, the Audit Committee assessed the reasonableness of the Management's budgets of these projects. The Audit Committee determined that the budgets were reasonable.

Valuation of Non-Financial Assets and their Carrying Values

The Audit Committee considered and is satisfied with the valuation methodology and reasonableness of key assumptions used by Management, as well as external independent qualified valuers, to determine the recoverable amounts of the non-financial assets. The external valuers had indicated that there were indications of impairments losses on certain machineries. The Audit Committee reviewed and concurred with Management that the impairment losses of $1.0 million on certain machineries as at 31 December 2024 to be reasonable.

External Auditor

The Audit Committee reviews the scope and results of the audit carried out by the External Auditors, the cost effectiveness of the audit and the independence and objectivity of the External Auditors. The Audit Committee also recommends to the Board the appointment, re-appointment and removal of External Auditors, and approves the remuneration and terms of engagement of the External Auditors. The re-appointment of the External Auditors is always subject to the shareholders' approval at the AGM of the Company.

The Audit Committee undertook the review of the independence and objectivity of the External Auditors, Messrs KPMG LLP ("**KPMG**"). The Audit Committee is satisfied with the independence and objectivity of the External Auditors and recommends to the Board the nomination of the External Auditors for re-appointment. The Audit Committee has conducted an annual review of all non-audit services provided by the External Auditors and is satisfied that the nature and extent of such services do not affect the independence of the External Auditors.

CORPORATE GOVERNANCE REPORT

The fees paid to the External Auditors of the Company during the financial year for both audit and non-audit services are as follows:

	Audit Fee	Non-audit Fee
Fees paid to External Auditors	S$282,000	S$3,900

The non-audit fee relates to tax filing and tax advisory services.

Based on the above review, the Audit Committee is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory audit.

In reviewing the nomination of KPMG for re-appointment for FY2024 and FY2025, the Audit Committee has considered the adequacy of the resources, audit experience and competence of KPMG, and has considered the Accounting and Corporate Regulatory Authority's ("**ACRA**") Audit Quality Indicators Framework relating to KPMG at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. Based on the review, the Audit Committee is satisfied with the standard and quality of work performed by KPMG. It has recommended to the Board for nomination of KPMG for re-appointment as External Auditors at the forthcoming AGM of the Company.

Compliance with Rule 712, Rule 715, and Rule 716 of the SGX-ST Listing Manual

KPMG are the auditors for the Company, subsidiaries (including significant foreign-incorporated subsidiaries) and the Group's interest in a foreign-incorporated equity accounted investee. KPMG International are the auditors of these significant foreign-incorporated companies.

The Audit Committee is satisfied that the Group has complied with Rules 712 and 715 (read with 716) of the SGX-ST Listing Manual in relation to its selection and appointment of auditing firms. The Audit Committee and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent auditors other than those of the Company.

Whistle-blowing program

The Company has established a Code of Conduct and Business Ethics ("**CCBE**") which applies to all employees of the Group. The CCBE covers areas such as conduct in workplaces, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest etc. Directors, Key Management Personnel and employees are expected to observe and uphold high standards of integrity which are in line with the Company's policies and accordance with respective law and regulations of the countries in which it operates.

The Group is committed to a high standard of ethical conduct and adopts a zero-tolerance approach to fraud and unethical conduct. The Group undertakes to investigate complaints of suspected fraud and unethical conduct in an objective manner and has put in place, with the Audit Committee's endorsement, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective of such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. The results from the investigation are reported directly to the Chairman of the Audit Committee.

CORPORATE GOVERNANCE REPORT

The Group has put in place a whistle-blowing framework endorsed by the Audit Committee which provides the mechanisms where employees may, in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to the Chairman of the Audit Committee. Details of the whistle-blowing policies, together with the dedicated whistle-blowing communication channels via our website have been made available to all employees. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow up action and provides assurances that employees will be protected from reprisal within the limits of law or victimisation for whistle blowing in good faith. The whistle-blowing policy and procedures are reviewed by the Audit Committee from time to time to ensure they remain relevant. The Audit Committee reports to the Board on such matters at the Board meetings. Should the Audit Committee receive reports relating to serious offences and/or criminal activities in the Group, the Audit Committee and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

During the financial year under review, there were no reported cases under the whistle-blowing program.

Interested Person Transactions – Rule 907 of the SGX-ST Listing Manual

To ensure compliance with Chapter 9 of the SGX-ST Listing Manual, the Audit Committee, as well as the Board, meets quarterly to review on-going and proposed interest person transactions. For the latter, the Audit Committee would take into consideration factors such as possible options/alternatives available, terms and conditions to be entered, interest of the non-controlling shareholders and the financial impact on the Group. After considering these factors, the Audit Committee would make its recommendation to the Board. The Board would review and discuss the Audit Committee's recommendation with the interested party(ies) recusing and abstaining herself/himself/themselves from the decision-making process.

<u>Shareholder Loan by Executive Director/Controlling Shareholder ("**IPT Loans**")</u>

The Group has on 28 February 2024 entered into two separate revolving facility agreements ("**Revolving Facility Agreements**") in the amount of S$1.5 million and RM1.0 million respectively with Madam Cheng Woei Fen (the Executive Chairlady and controlling shareholder of the Company). Both Revolving Facility Agreements will expire 3 years from 28 February 2024, or on such other date as may be mutually agreed by the Company and Madam Cheng Woei Fen in writing. Please refer to announcement dated 28 February 2024 for details of this Revolving Facility Agreements.

The entry into the Revolving Facility Agreements constitute an interested person transaction ("**IPT**") under Chapter 9 of the SGX-ST Listing Manual. The Board, with the concurrence of the Audit Committee, is also satisfied that the terms and conditions of each of the Revolving Facility Agreements are not prejudicial to the interests of the Company and its non-controlling shareholders.

Madam Cheng Woei Fen (a controlling shareholder) and Mr Quek Kian Hui (a substantial shareholder), both being Executive Directors and immediate family members, recused themselves from all discussions and abstained from the Board's decision making process. The remaining Board members, comprising Non-Executive Directors with majority Independent Directors, concluded that the Company entering into these Revolving Facility Agreements was in the best interest for both the Company and Group and will not be prejudicial to non-controlling shareholders. Key considerations were (i) the decline in the Group's working capital (the net working capital positions prior to entering into these agreements – $36.7 million as at 31 December 2022, $22.9 million as 31 March 2023, $19.7 million as at 30 June 2023, $19.5 million as at 30 September 2023 and $19.2 million as at 31 December 2023), (ii) these loans are provided at no more onerous terms and conditions than those from the Company's existing financial institutions and (iii) the subdue outlook for the Group – which the Board has caveat in its guidance statements.

CORPORATE GOVERNANCE REPORT

During the financial year, the Company drew down $1.8 million [comprising of SGD 1.5 million and RM1.0 million (equivalent to SGD 308,000)] of the credit facilities extended by the Executive Chairlady/Controlling Shareholder ("**IPT Loans**"). The loans were applied to working capital. The interest rates on these IPT loans with different maturing tenures ranges from 3.0% p.a to 3.30% p.a. The interest rates on third party loans (extended by the financial institutions) during the year on similar terms and conditions were priced above 4.0% p.a. which is higher than that paid under these interested person transactions. The Audit Committee is satisfied that the interest rates applied to the IPT loans does not prejudicial to the interests of the Company and its minority shareholders.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual. The aggregate value of transactions entered into by the Group with interested persons in FY2024, as defined in the SGX-ST Listing Manual is as follows:

Name of Interested Person	**Nature of relationship**	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**		**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920**	
		Financial year ended		**Financial year ended**	
		31-Dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
		$'000	**$'000**	**$'000**	**$'000**
Cheng Woei Fen	Executive Chairlady and Controlling Shareholder	–	–	–	–
The total interest expense on the shareholder loan or IPT loan for FY2024 amount to $23,000 (FY2023: $Nil)					
Total Interested Person Transactions		–	–	–	–

Material Contracts – Rule 1207 (8) of the SGX-ST Listing Manual

Except as disclosed above and in the financial statements for FY2024, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors and shareholders (substantial or controlling), which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Internal Audit

The Board recognises the importance of sound risk management and internal controls practices to good corporate governance and has outsourced its internal audit function. The Audit Committee reviews the reliability, independence, adequacy and effectiveness of the internal audit function in each year. In addition to the review of the adequacy and effectiveness of the internal audit function, it also ensures that resources are adequate so that the internal audits are performed effectively. The Audit Committee also evaluates and approves the appointment, termination and compensation of the Internal Auditor. Besides this, the Audit Committee will ensure that the Internal Auditor is qualified and appropriate to undertake the tasks and have unfettered access to the Audit Committee in carrying out its entrusted tasks.

CORPORATE GOVERNANCE REPORT

The internal audit function of the Group is outsourced to CLA Global TS Risk Advisory Pte. Ltd. (the "**Internal Auditor**"). The Internal Auditor is a member of the Institute of Internal Auditors Singapore and staffed with persons with the relevant qualifications with the Institute of Internal Auditors and experience. To review and test the controls of the Group's processes, the Internal Auditor adopts the International Standards for the Professional Practice of Internal Auditing which is laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors. The Internal Auditor reports directly and primarily to the Chairman of the Audit Committee with administrative reporting to the Executive Chairlady.

The Internal Auditor assists the Board and Audit Committee in monitoring the risks and internal controls of the Group. In assessing the design and operating effectiveness of internal controls, the Group has in place a system of internal controls to ensure:

- Assets are safeguarded;
- Fraud or errors in the accounting records are prevented or detected;
- Accuracy and completeness of accounting records are ensured;
- Reliable financial information is prepared in a timely manner; and
- Compliance with applicable internal policies, laws and regulations relating to the financial reporting process.

The Internal Auditor plans its internal audit schedule in consultation with, but independent of the Management. The Audit Committee reviews the internal audit plan, determines the scope of the audit and oversees the implementation of the improvements required on internal control weaknesses identified.

During the year, the Internal Auditor performed an internal audit review on our project management, costing and revenue recognition policies and procedures. The Internal Auditors did not raise any audit findings.

The Audit Committee also commissioned an internal audit on our safety procedures and on our IT system and network infrastructure. Safety risks and information system risks are risks identified in our Enterprise Risk Management manual. The Audit Committee decided not to engage the current Internal Auditor, CLA Global TS Risk Advisory Pte Ltd on the following audit reviews:

(i) Safety Audit – the Audit Committee decided to commission an inhouse safety auditor to perform an internal audit on safety. The inhouse safety auditor is qualified under Occupational health and safety management systems (ISO 45001: 2018) issued by Bureau Veritas Certification. The Audit Committee is of the opinion, the inhouse safety auditor will be more qualified and experienced than the Internal Auditor. The inhouse safety auditor is independent of the activities it audits and he reports directly to the Chairman of the Audit Committee.

(ii) Cybersecurity Audit – the Audit Committee engaged an independent IT firm to perform a cyber security audit on our current IT system and network infrastructure. In addition to IT security review, the cyber security auditor also conducted an IT vulnerability assessment on our IT system and network. As the scope of work involves IT vulnerability assessment and testing which is a specialised skill, the Audit Committee is of the opinion that the cyber security auditor will be more qualified and experienced than the Internal Auditor. The cybersecurity auditor reports directly to the Chairman of the Audit Committee. No significant cybersecurity audit findings were raised and we have implemented their improvement recommendations.

During the year, the Audit Committee reviewed the report by the Internal Auditor, as well as discussed with Management and the External Auditors, and is satisfied that the Management has devised and maintained a system of internal accounting controls that is 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 profit and loss accounts and balance sheet, and to maintain accountability of assets.

CORPORATE GOVERNANCE REPORT

In addition, the Internal Auditor may be involved in ad-hoc projects initiated by the Board which require the assurance by the Internal Auditor in specific areas of concerns. During the year, the Internal Auditor was not involved in any ad-hoc projects.

The Audit Committee is satisfied that the Group's internal audit function is independent, effective and adequately resourced. The current internal audit function, outsourced to CLA Global TS Risk Advisory Pte Ltd., is staffed by suitably qualified and experienced professional with the relevant experience to perform its internal audit function effectively.

Internal Review of Sustainability Reporting

The Internal Auditor also performed a review on our internal control processes in relation to the collection of data for ESG and TCFD reporting purposes as well as a review on our FY2023 Sustainability Report. Management is in the process of implementing the recommendations which they have identified during their internal audit review performed in FY2024.

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.

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. The notices are also published in the local press and posted onto the SGXNet and the Company's website.

Pursuant to Rule 730A(2) of the SGX-ST Listing Manual, all resolutions proposed at the Annual General Meeting ("**AGM**") and at any adjournment thereof shall be put to the vote by way of poll. All shareholders are entitled to vote in accordance with the established voting rules and procedures at the AGM. Each share is entitled to one vote. An external firm is appointed as scrutineers for the AGM voting process. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages are announced via SGXNet after the AGM.

The resolutions tabled at the general meetings are on each substantially separate issue, including treating the election or re-election of each director as a separate subject matter. Detailed information of each item in the AGM agenda is provided in the explanatory notes to the Notice of AGM in the Annual Report.

The Group believes in encouraging active shareholder participation at general meetings to ensure a high level of accountability and to stay informed of the Group's strategies. At the Company's AGM, shareholders present are given the opportunity to communicate their views and are encouraged to ask the Directors and Management questions regarding matters affecting the Company and the Group. A shareholder who is entitled to attend and vote, may either vote in person or in absentia through the appointment of one or more proxies. If shareholders are unable to attend the meetings, the Constitution of the Company allows shareholders who are not relevant intermediaries to appoint not more than two proxies to attend, speak and vote in general meetings. To ensure valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings. The Constitution of the Company does not allow for other absentia voting methods such as by mail, electronic mail, fax and/or other methods. Such methods will only be implemented if the necessary security and other measures to protect against errors, fraud and other irregularities are addressed and available on a cost-effective basis.

CORPORATE GOVERNANCE REPORT

At each AGM, the members of the Board avail themselves and encourage shareholders to participate in the question-and-answer session. The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity to raise issues pertaining to the resolutions tabled for approval. The External Auditors are present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditors' report. The respective Chairperson of the Audit Committee, Nominating Committee and Remuneration Committee, or members of the respective Board Committees standing in for them, are present at each AGM, and other general meetings held by the Company, if any, to address shareholders' queries. Appropriate Key Management Personnel are also present at general meetings to respond, if necessary, to answer financial and operational questions from shareholders.

The Company also prepares minutes of general meetings (published within one month after the meeting) which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. Minutes of the AGM FY2023 held on 25 April 2024 had been published by the Company on its corporate website and SGX-ST website.

Currently, the Company does not maintain a definitive dividend policy. The amount of dividend proposed or declared is subject to the financial performance of the Group and availability of excess funds (after taking into consideration the operating environment, business expansion plans, capital expenditure and working capital requirements for the coming year). While there is no definitive dividend policy, the Board will endeavour to have a dividend rate that reflects closely with the Group's performance.

To conserve financial resources, the Board does not propose any dividends for FY2024 (FY2023: a first and final tax-exempt (one-tier) approved dividend of 0.04 cents per ordinary share). Furthermore, the Group incurred net losses for FY2024 and any declaration of dividends will be from our past retained earnings.

The Company will be conducting a physical AGM on the 30 April 2025, Wednesday, at 2.00 p.m. There will be no option for members to participate the AGM virtually.

Shareholders are encouraged to submit their questions by 21 April 2025, Monday. The Company will respond to these submitted questions and published it on the (i) SGX's website and (ii) the Company's corporate website on or before 2.00 pm on 25 April 2025, Friday (in accordance with the guidelines in which questions must be responded forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms. The minutes of the AGM will be published on (i) the SGX's website and (ii) the Company's corporate website within one month after the date of the AGM.

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.

The Company is committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as far as possible, in a fair, timely and transparent manner as well as to hear its shareholders' views and addressing their concerns. By providing shareholders with reliable and timely information, the Company will be able to strengthen the relationship with its shareholders based on trust and accessibility.

All shareholders of the Company receive the Notice of AGM on a yearly basis. The Notice of the AGM is also advertised in the local press. The AGM is the principal forum for dialogue between the Board and the shareholders. Shareholders are invited to participate in the question-and-answer session. The Constitution of the Company also provides for the appointment of proxies to attend the meeting in his or her stead and the proxies need not be shareholders of the Company.

CORPORATE GOVERNANCE REPORT

In line with the Company's sustainability strategy, since FY2023, we have discontinued the practice of mailing out Annual Report and Letter of Addendum to shareholders. An electronic copy of this Annual Report 2024 and Addendum have been uploaded onto the Company's website at www.mun-siong.com or SGX website at www.sgx.com/securities/company-announcements. Printed copies of the Annual Report 2024 and Addendum are available upon request.

Besides AGMs, the Company believes in regular, effective and fair communication with its shareholders and is committed to hear shareholders' views and address their concerns where possible. To avoid selective dissemination of information which is prohibited under SGX-ST Listing Manual and the Companies Act 1967, where necessary, such responses will be announced on the SGXNet. During FY2024, some shareholders have approached the Company to seek clarifications on certain announcements made or expressed their views on the developments of the Group. The Company has an investor relations team which attends to their queries or concerns. The Company does not have an Investor Relations Policy in place.

The Board strives to provide comprehensive disclosures to Shareholders and investors to enable them to keep abreast of the Group's developments via the voluntary quarterly financial performance guidance updates on Singapore, Malaysia, Taiwan and North America operations (arising from material developments in FY2024). Guided by the policy, of equal access, shareholders are informed simultaneously in an accurate and comprehensive manner regarding all material developments via SGXNet, the Company's website www.mun-siong.com and where appropriate through media release on an immediate basis. This is in line with the Company's disclosure obligations pursuant to the SGX-ST Listing Manual and the Companies Act 1967.

The investor relations team also manages the dissemination of corporate information to the media, public, institutional investors and public shareholders and acts as a liaison point for such entities and parties. Shareholders can make use of the telephone or email directly to the Company's investor relations team.

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.

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

The stakeholders have been identified as those who are impacted by the Group's businesses and operations or those whose actions are able to impact the Group's businesses and operations. Five stakeholder groups have been identified and through an assessment of their significance to the business operations. They are namely suppliers, customers (or business partners), employees, community, and shareholders.

The Group has undertaken a process to determine the Environmental, Social and Governance ("**ESG**") issues which are important to these stakeholders. These issues form the ESG materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually. Since FY2023, the Group has adopted the Task Force on Climate-Related Financial Disclosures ("**TCFD**") framework and aims to provide a phased implementation approach in terms of climate-related disclosures consistent with the TCFD recommendations. The Company's Sustainability Report will be made available on our website on an annual basis in the month of April. Having identified the stakeholders and the material ESG issues (including climate-related issues), the Company has mapped out the key areas of focus in relation to the Management of the respective stakeholder relationships.

CORPORATE GOVERNANCE REPORT

The Company also maintains a corporate website at www.mun-siong.com to communicate and engage stakeholders. The Company monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. The Group does not practice selective disclosure of material information. Information relating to the Company or Group which are deemed price sensitive or affecting shareholders' or investors' decisions in investing in the Company's shares, for example, events affecting financial performance, changes in business plans, announcement of financial results and annual reports are announced or issued within the mandatory period as prescribed under the SGX-ST Listing Manual.

Other Corporate Governance Matters

Dealing in Securities

The Group has adopted an internal code on securities trading for its Directors and Officers and the execution of its share buyback mandate setting out the implications on insider trading. The Group's internal code prohibits the dealing in listed securities of the Company while in possession of price-sensitive information, and during the period commencing one month before the date of announcement of results for half-yearly and full year financial results and ending on the date of the announcement(s). The Company has on a voluntary basis, provided quarterly financial performance guidance updates. Two weeks prior to the announcements of the first quarter and third quarter financial performance guidance updates, no dealings in the Company's securities are observed. Directors are required to notify the Company of their securities trading within two market days of such dealings and the Company shall disseminate such notifications received via SGXNet within one market day upon receipt.

In addition, Directors and officers are reminded, always, to observe the insider trading laws even when dealing in securities within permitted trading periods. Directors and Officers are discouraged from dealing in the Company's securities on short-term considerations.

All directors are required to seek the Board's approval before trading in the Company's shares and are also required to notify the Company's Secretary of any change in his interest in the Company's shares within two business days of the change.

During FY2024, there was no trading of the Company's shares by its Directors and Officers.

DIRECTORS' STATEMENT

We are pleased to present this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2024.

In our opinion:

(a) the financial statements set out on pages 63 to 119 are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Cheng Woei Fen
Quek Kian Hui
Seah Hai Yang
Mah Kai Leong
Elaine Beh Pur-Lin
David Tan Chao Hsiung

Arrangements to enable shares and debentures

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects 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

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Direct interests		Deemed interests	
Name of director and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**	**Holdings at beginning of the year**	**Holdings at end of the year**
The Company				
Ordinary shares				
Cheng Woei Fen	278,997,600	278,997,600	36,167,400	36,167,400
Quek Kian Hui	86,376,800	86,376,800	–	–

DIRECTORS' STATEMENT

Directors' interests (Continued)

By virtue of Section 7 of the Act, Cheng Woei Fen and Quek Kian Hui are deemed to have interests in the subsidiaries of the Company, all of which are wholly-owned, at the beginning and at the end of the financial year.

Except as disclosed in this statement, no director who held office at the end of the financial year had interest in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the abovementioned interest in the Company between the end of the financial year and 21 January 2025.

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

Mun Siong Engineering Limited Performance Share Plan (The "Plan")

(Unless otherwise defined herein capitalised terms shall have the meanings ascribed in the circular to shareholders dated 29 March 2017.)

The Plan was approved at an Annual General Meeting ("AGM") held on 20 April 2017, for granting awards to eligible full-time employees and Executive Directors.

Principal Terms of the Plan

Eligibility

The following persons shall be eligible to participate in the Plan subject to the absolute sole discretion of the Committee:

(a) full time employees who are confirmed in their employment with the Company or any subsidiary as at 31 December of the financial year prior to the Award Date and have been with the Company or its subsidiary for at least 12 Months or such shorter period as the Committee may determine on or prior to the Award Date; and

(b) Executive Directors (subject to approval by the Independent Shareholders)

provided always that any of the aforesaid persons:

(i) have attained the age of 21 years on or before the Award Date; and

(ii) are not undischarged bankrupts.

Subject to the separate approval by Independent Shareholders for their participation in the Plan, controlling shareholders and their associates within the above categories are eligible to participate in the Plan.

DIRECTORS' STATEMENT

Principal Terms of the Plan (Continued)

Awards

Awards represent the right of a Participant to receive fully paid Shares, free of charge, upon the satisfaction of the prescribed Performance Conditions within the Performance Period. Participants will be granted an Award, under which Shares will be Vested and Released at the end of the Performance Period once the Committee is, at its sole discretion, satisfied that the Performance Conditions have been achieved.

Grant of Awards

Under the rules of the Plan, there are no fixed periods for the grant of Awards. As such, offers for the Awards may be made at any time from time at the discretion of the Committee. In considering an award to be granted to a Participant, the Committee may take into account, inter alia, the participant's rank, scope of responsibilities, job performance, length of service and potential for future development, contribution to the success and development of the Company and if the extent of effort and resourcefulness required to achieve the Performance Conditions within the Performance Period.

Vesting of Awards

Awards will typically vest only after the satisfactory completion of the Performance Conditions within the Performance Period. No minimum vesting periods are prescribed under the Plan, and the length of the vesting period(s) in respect of each Award will be determined by the Committee on a case-by-case basis.

Size of the Plan

The aggregate number of Shares to be delivered pursuant to the Vesting of the Awards on any date, when added to the number of Shares issued and issuable in respect of such other Shares issued and/or issuable under such other share-based incentive schemes of the Company, shall not exceed 15 percent of the total issued share capital excluding treasury shares of the Company on the day preceding the relevant Award Date.

Duration of the Plan

The Plan shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The termination or discontinuance of the Plan shall be without prejudice to the rights accrued to any Participant who has been granted Awards, whether such Awards have been Vested (whether fully or partially) or not.

The Plan is administered by the Remuneration Committee consisting of non-executive independent directors, Mr Mah Kai Leong (Chairman), Mr Seah Hai Yang, Ms Elaine Beh Pur-Lin and Mr David Tan Chao Hsiung.

On 21 February 2019, an aggregate of 2,400,000 share awards were granted to the employee of the Company and its subsidiaries since the commencement of the plan until the end of the financial year. The first tranche of the Award in respect of 800,000 Shares vested during the financial year ended 31 December 2019. The second tranche of the Award in respect of 800,000 shares vested after the financial year ended 31 December 2019 and the third tranche in respect of 800,000 shares vested after financial year ended 31 December 2020. No shares awards were cancelled or forfeited.

DIRECTORS' STATEMENT

Principal Terms of the Plan (Continued)

On 4 March 2021, an employee was awarded 2,400,000 shares. Of these, 800,000 shares vested in 2022, another 800,000 shares vested in 2023, and the remaining 800,000 shares vested in 2024. No shares awards were cancelled or forfeited.

Details of all share awards of the Company granted pursuant to the Plan as at 31 December 2024 are as follows:

Date of grant of share awards	Share awards outstanding as at 1 January 2024	Share awards granted during the year	Share awards vested during the year	Share awards lapsed during the year	Share awards outstanding as at 31 December 2024
4/3/2021	800,000	–	(800,000)	–	–

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

- Seah Hai Yang (Chairman), non-executive director
- Mah Kai Leong, non-executive director
- Elaine Beh Pur-Lin, non-executive director
- David Tan Chao Hsiung, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly and half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to the management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

Audit Committee (Continued)

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Cheng Woei Fen
Director

Quek Kian Hui
Director

28 March 2025

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
MUN SIONG ENGINEERING LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Mun Siong Engineering Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 63 to 119.

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 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the 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 *'Auditors' 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 *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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
MUN SIONG ENGINEERING LIMITED

Recognition of revenue on customer contracts ($64.8 million)
(Refer to Note 20 'Revenue')

The key audit matter

The Group recognises revenue from contracts with its major customers over time based on the percentage of completion method. The percentage of completion is measured by reference to the work performed, based on the ratio of contract costs incurred to-date to the estimated total contract costs.

This involves management's estimate of forecast total costs of each contract, which involve a significant degree of judgement.

The assessment of the judgement involved is a key focus area of our audit.

How the matter was addressed in our audit

We tested key internal controls identified in the Group's revenue and contract budgeting processes.

We inspected contracts to assess whether the related revenue is recognised in accordance with SFRS(I)s.

We discussed with Management on the performance of the contracts outstanding at year end, on a sample basis.

We reviewed and challenged management's assessment of estimated costs to complete for outstanding projects.

We verified data used in determining costs to complete and any variable consideration to relevant supporting documents, including correspondence with customers regarding contract variations and claims and by considering historical outcomes for similar contracts.

We assessed the adequacy of disclosures covering the timing and fulfilment of performance obligations, for revenue recognition.

Findings

We found the assumptions and resulting estimates of the percentage of completion applied in the recognition of revenue to be balanced.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
MUN SIONG ENGINEERING LIMITED

Valuation of non-financial assets
(Refer to Note 4 'Property, plant and equipment')

The key audit matter

At 31 December 2024, the Group's market capitalisation was below the carrying amount of its net assets. This is an indication that certain non-financial assets of the Group may be impaired.

The Group's non-financial assets are allocated to four cash-generating units (CGUs) – Singapore, Malaysia, Taiwan and North America.

Management identified impairment indicators in relation to the Singapore CGU and North America CGU due to losses incurred by the respective CGUs.

Management performed impairment assessment of its non-financial assets by estimating the recoverable amounts of its CGUs. The recoverable amount of a CGU is determined based on the higher of the CGU's fair value less cost of disposal and its value in use.

In relation to value in use for the Singapore CGU, forecasting future cash flows is a judgemental process which involves making assumptions relating to estimates on revenue growth rates, margins, operating expenses and the discount rates.

In relation to fair value less cost of disposal for the North America CGU, for freehold land and building, management obtained independent external valuations. For machinery, tools and equipment, management determined the fair values based on the replacement cost approach. Management considered the recent quotes from the market and incorporated relevant adjustments to derive their fair values on a comparable basis.

Judgement and estimates are used to determine the appropriateness of valuation methodologies adopted and the reasonableness of the inputs used in the computation of fair value less cost of disposal.

How the matter was addressed in our audit

We evaluated the appropriateness of CGUs identified by management based on our understanding of the current business of the Group and the Company.

We reviewed management's assessment of impairment for the Singapore CGU as follow:

– We assessed management's process of setting budgets on which cash flow forecasts are based.

– We assessed key assumptions used in the cash flow projections by comparing them against historical performance, future business plans and external market reports, and whether these were appropriately reflected in the cash flow forecasts used.

– We independently derived applicable discount rates from comparable companies and compared these with those used by management.

– We performed sensitivity analyses, focusing on plausible changes in the key assumptions or discount rates, and analysed the impact to the carrying amount.

We reviewed management's assessment of impairment for the North America CGU as follow:

– We evaluated the competency and objectivity of the independent external valuers.

– Held discussions with the valuers to understand their valuation methodologies, assumptions and basis used.

– Assessed the appropriateness of the valuation methodologies and assumptions used by the independent external valuers, and compared the assumptions and parameters used to externally derived data. Where appropriate, we also involved our in-house valuation specialist to assist us in the assessment.

We considered the appropriateness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
MUN SIONG ENGINEERING LIMITED

Valuation of non-financial assets (Continued)

Findings

We found the identification of CGUs to be reasonable.

In relation to value in use of the Singapore CGU, we found that the assumptions and resulting estimates used in determining the recoverable amounts to be within acceptable range.

In relation to fair value less cost of disposal of the North America CGU, we found the valuation methodology used to be in line with market valuation practices and key assumptions used by the Group to be reasonable.

The valuers are members of recognised professional bodies for valuers and are considered independent of the work they performed.

We found the Group's disclosures in notes to the financial statements to be appropriate.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' 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 have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
MUN SIONG ENGINEERING LIMITED

Auditors' 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 auditors' 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 controls.

- Obtain an understanding of internal controls 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 controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 controls 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
MUN SIONG ENGINEERING LIMITED

Auditors' responsibilities for the audit of the financial statements (Continued)

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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude 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 partner on the audit resulting in this independent auditors' report is Siew Yilin.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Assets					
Property, plant and equipment	4	33,220	34,875	18,987	20,792
Investment properties	5	1,380	1,340	1,380	1,340
Subsidiaries	6	–	–	4,223	4,223
Investment in an equity – accounted investee	7	839	660	622	622
Trade and other receivables	10	–	–	21,635	11,101
Non-current assets		35,439	36,875	46,847	38,078
Current tax assets		171	–	–	–
Inventories	8	138	111	138	111
Contract assets	9	9,318	6,960	4,762	4,826
Trade and other receivables	10	16,999	21,660	17,242	28,453
Cash and cash equivalents	11	10,268	9,720	7,429	7,979
Current assets		36,894	38,451	29,571	41,369
Total assets		72,333	75,326	76,418	79,447
Equity					
Share capital	12	26,254	26,254	26,254	26,254
Translation reserve	13	363	29	37	65
Treasury shares	14	(1)	(30)	(1)	(30)
Share-based compensation reserve	15	(61)	(58)	(61)	(58)
Retained earnings		20,076	25,831	30,511	32,647
Equity attributable to owners of the Company		46,631	52,026	56,740	58,878
Non-controlling interests		–	–	–	–
Total equity		46,631	52,026	56,740	58,878
Liabilities					
Loans and borrowings	16	1,382	2,451	1,302	2,287
Provisions	17	569	541	569	541
Deferred tax liabilities	18	517	1,069	466	1,023
Non-current liabilities		2,468	4,061	2,337	3,851
Trade and other payables	19	15,070	14,246	9,383	11,823
Contract liabilities	9	89	380	–	380
Loans and borrowings	16	6,070	1,415	5,965	1,335
Provisions	17	1,993	2,599	1,993	2,599
Current tax payable		12	599	–	581
Current liabilities		23,234	19,239	17,341	16,718
Total liabilities		25,702	23,300	19,678	20,569
Total equity and liabilities		72,333	75,326	76,418	79,447

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2024

	Note	2024 $'000	2023 $'000
Revenue	20	64,826	71,207
Cost of sales		(63,691)	(67,010)
Gross profit		1,135	4,197
Other income	21	1,305	2,238
Administrative expenses		(7,795)	(8,058)
Other operating expenses		(60)	(791)
Reversal of (impairment loss) on trade receivables and contract assets		100	(38)
Impairment of property, plant and equipment	4	(1,038)	–
Share of results of an equity-accounted investee		143	65
Results from operating activities		(6,210)	(2,387)
Finance income	22	220	108
Finance costs	22	(198)	(207)
Loss before tax	23	(6,188)	(2,486)
Tax credit/(expense)	24	665	(319)
Loss for the year		(5,523)	(2,805)
Loss attributable to:			
Owners of the Company		(5,523)	(2,805)
Non-controlling interests		–	–
Loss for the year		(5,523)	(2,805)
Other comprehensive income/(loss)			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation difference from foreign operations		334	(50)
Total comprehensive loss for the year		(5,189)	(2,855)
Total comprehensive loss attributable to:			
Owners of the Company		(5,189)	(2,855)
Non-controlling interests		–	–
Total comprehensive loss for the year		(5,189)	(2,855)
Earnings per share			
Basic earnings per share (cents)	25	(0.95)	(0.48)
Diluted earnings per share (cents)	25	(0.95)	(0.48)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2024

		Attributable to owners of the Company							
Group	**Note**	**Share capital $'000**	**Treasury shares $'000**	**Translation reserve $'000**	**Retained earnings $'000**	**Share-based compensation reserve $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 January 2023		26,254	(42)	79	28,868	(55)	55,104	–	55,104
Total comprehensive income for the year									
Loss for the year		–	–	–	(2,805)	–	(2,805)	–	(2,805)
Other comprehensive income									
Foreign currency translation difference from foreign operations		–	–	(50)	–	–	(50)	–	(50)
Total comprehensive income for the year		–	–	(50)	(2,805)	–	(2,855)	–	(2,855)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	12	–	–	–	(232)	–	(232)	–	(232)
Purchase of treasury shares		–	(28)	–	–	–	(28)	–	(28)
Share-based payment transactions		–	40	–	–	(3)	37	–	37
Total transactions with owners		–	12	–	(232)	(3)	(223)	–	(223)
At 31 December 2023		26,254	(30)	29	25,831	(58)	52,026	–	52,026

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2024

Group	Note	Share capital $'000	Treasury shares $'000	Translation reserve $'000	Retained earnings $'000	Share-based compensation reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company							
At 1 January 2024		26,254	(30)	29	25,831	(58)	52,026	–	52,026
Total comprehensive income for the year									
Loss for the year		–	–	–	(5,523)	–	(5,523)	–	(5,523)
Other comprehensive income									
Foreign currency translation difference from foreign operations		–	–	334	–	–	334	–	334
Total comprehensive income for the year		–	–	334	(5,523)	–	(5,189)	–	(5,189)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	12	–	–	–	(232)	–	(232)	–	(232)
Share-based payment transactions		–	29	–	–	(3)	26	–	26
Total transactions with owners		–	29	–	(232)	(3)	(206)	–	(206)
At 31 December 2024		26,254	(1)	363	20,076	(61)	46,631	–	46,631

The Taiwan Company Law requires the Company's subsidiary, Pegasus Advance Industrial Company Ltd, (incorporated in Taiwan in October 2022) to reserve at least 10% of after-tax profits as legal reserve, which may not be freely distributed as dividends. No legal reserve was recorded by Pegasus Advance Industrial Company Ltd as it is in a net loss position for both financial years ended 31 December 2024 and 31 December 2023.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Loss before tax		(6,188)	(2,486)
Adjustments for:			
Depreciation of property, plant and equipment		2,848	3,454
Impairment of property, plant and equipment	4	1,038	–
Loss/(gain) on disposal of property, plant and equipment		84	(776)
Unwinding of discount on provision for restoration costs		29	32
Property, plant and equipment written off		13	193
Reversal of impairment losses on trade receivables and contract assets		(100)	(816)
Equity-settled share-based payment transactions		26	38
Fair value gain on investment properties		(40)	(40)
Share of results of an equity-accounted investee		(143)	(65)
Interest expense		169	175
Interest income		(220)	(108)
		(2,484)	(399)
Changes in inventories		(28)	40
Changes in contract assets		(2,231)	(112)
Changes in contract liabilities		(290)	380
Changes in trade and other receivables		4,657	(7,957)
Changes in trade and other payables		704	3,024
Changes in provisions		(546)	804
Cash used in operating activities		(218)	(4,220)
Tax paid		(614)	(144)
Net cash used in operating activities		(832)	(4,364)
Cash flows from investing activities			
Interest received		220	108
Investment in an equity-accounted investee		–	(299)
Acquisition of property, plant and equipment		(1,887)	(13,370)
Proceeds from disposal of property, plant and equipment		239	1,227
Net cash used in investing activities		(1,428)	(12,334)
Cash flows from financing activities			
Repayment of bank loans		(1,270)	(6,844)
Dividends paid		(232)	(232)
Payment of lease liabilities		(178)	(564)
Proceeds from bank loan		3,172	5,600
Proceeds from shareholder loan		1,825	–
Purchase of treasury shares		–	(28)
Interest paid		(173)	(178)
Net cash from/(used in) financing activities		3,144	(2,246)
Net increase/(decrease) in cash and cash equivalents		884	(18,944)
Cash and cash equivalents at 1 January		9,720	28,647
Effect of exchange rate fluctuations on cash held		(336)	17
Cash and cash equivalents at 31 December	11	10,268	9,720

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2025.

1 DOMICILE AND ACTIVITIES

Mun Siong Engineering Limited (the "Company") is incorporated in the Republic of Singapore on 30 April 1969. The address of the Company's registered office and principal place of business is 26 Gul Way, Singapore 629199.

The financial statements of the Group as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in an equity-accounted investee.

The principal activities of the Company are those of mechanical engineering, provision of specialised services and investment holding. In March 2019, the Company established a branch office known as Mun Siong Engineering Limited, Taiwan branch in Kaohsiung, Republic of China ("Taiwan"). The following notes for the Company include the results of the branch office. The principal activities of the subsidiaries and an equity-accounted investee are set out in Note 6 and Note 7 to the consolidated financial statements respectively.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The changes to material accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements are prepared on a historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions about the future, including climate-related risks and opportunities, that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to accounting estimates are recognised prospectively.

In the application of the Group's accounting policies, which are described in Note 3, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those described below.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – Impairment of property, plant and equipment; and
- Note 20 – Revenue recognition: estimate of total contract costs used in determining the percentage of completion; and

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets, and financial and non-financial liabilities.

The finance team led by the Chief Financial Officer has overall responsibility for all significant fair value measurements. Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 – Valuation of investment properties; and
- Note 28 – Determination of fair values.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in material accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2024:

- Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current* and *Non-current Liabilities with Covenants*
- Amendments to SFRS(I) 16 *Lease Liability in a Sale and Leaseback*
- Amendments to SFRS(I) 1-7 *and SFRS(I) 7 Supplier Finance Arrangements*

The application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

The accounting policies have been applied consistently by Group entities and its equity-accounted investee.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Business combinations (Continued)

Any contingent consideration payable is recognised at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent considerations is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent considerations are recognised in profit or loss.

NCI are measured at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes NCI to have a deficit balance.

Investment in an equity-accounted investee

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

Investment in a joint venture is accounted for under the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Subsidiaries and joint venture in the separate financial statements

Investments in subsidiaries and a joint venture are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Interest paid and capitalised is presented as part of financing cash flows in the statement of cash flows.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

- Leasehold property — 2 to 59 years
- Building — 25 to 30 years
- Machinery, tools and equipment — 5 to 15 years
- Furniture and office equipment — 3 to 10 years
- Motor vehicles — 5 to 15 years
- Other assets — 5 to 15 years

Depreciation methods, useful lives and residual values are reviewed at the end of reporting period and adjusted if appropriate.

3.4 Investment properties

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Leases

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

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) As a lessee (Continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of 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.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises rental income received from investment property as part of 'other income'.

3.6 Inventories

Inventories consists mainly of materials used for maintenance contracts and are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs 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 estimated costs necessary to make the sale.

3.7 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(i) Recognition and initial measurement (Continued)

Non-derivative financial assets and financial liabilities (Continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

The Group classifies its non-derivative financial assets as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate fractures;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised costs using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(iii) Derecognition (Continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(v) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.8 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit loss ("ECLs") on:

- financial assets measured at amortised cost; and
- contract assets (as defined in SFRS(I) 15).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(i) Non-derivative financial assets and contract assets (Continued)

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset and contract asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(i) Non-derivative financial assets and contract assets (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and contract assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(ii) Non-financial assets (Continued)

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees and Executive Directors is recognised as an employee benefit expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the performance conditions at the vesting date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Provision for restoration costs

Where required by the lease agreements to restore the premises to its original condition, an estimate is made for the costs of dismantling and removing an asset and restoring the site which is recognised at the commencement of the lease and amortised over the period of the lease.

(ii) Provision for reworks

The Group recognises at the reporting date the estimated liability on all expenditure for the rework cost due to the joints quality problem specific to a particular project. The provision is calculated based on management's best estimate of the expenditure expected to be incurred over the quantity of joints that need rework over a specified contracted period of time.

(iii) Provision for onerous contracts

A provision is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract.

3.11 Revenue

Services provided

The Group provides mechanical engineering and specialised services to customers through fixed-price contracts. Revenue is recognised when the control of a promised service has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the services over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

Where a promised service has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time, based on the percentage of completion of its projects. The percentage of completion is measured by reference to the work performed, based on the ratio of costs incurred to-date to the estimated total costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue (Continued)

Services provided (Continued)

In respect of contracts where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised only when the service is delivered to the customer and the customer has accepted it in accordance with the sales contract.

Revenue is measured at the transaction price agreed under the contract entered into with customers. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced based on a payment schedule which is typically triggered upon achievement of specified milestones. 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 services transferred, a contract liability is recognised.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from property is recognised as “other income”.

3.12 Finance income and finance costs

The Group’s finance income and finance costs include:

- interest income;
- interest expense; and
- unwinding of discount on site restoration provision.

Interest income or expense is recognised using the effective interest method.

3.13 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Income tax (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.14 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Committee (the chief operating decision maker) to make decisions about resources to be allocated to the segments and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Executive Committee to include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's Headquarter).

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 New accounting standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted the new or amended accounting standards in preparing these financial statements.

(i) SFRS(I) 18 Presentation and Disclosure in Financial Statements

SFRS(I) 18 will replace SFRS(I) 1-1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as other.

(ii) Other accounting standards

The following amendments to FRSs are not expected to have a significant impact on the Group's financial statements.

- Amendments to SFRS(I) 1-21: *Lack of Exchangeability*

- Amendments to SFRS(I) 9 and SFRS(I) 7: *Classification and Measurement of Financial Instruments*

- Annual improvements to SFRS(I)s – Volume 11

- SFRS(I) 19: *Subsidiaries without Public Accountability: Disclosures*

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

4 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property $'000	Freehold land $'000	Building $'000	Construction-in-progress $'000	Machinery, tools and equipment $'000	Furniture and office equipment $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Cost									
At 1 January 2023	16,311	542	3,340	1,759	32,588	3,005	7,742	155	65,442
Transfer	–	–	1,652	(1,652)	–	–	–	–	–
Additions	13,668	–	1,408	–	1,954	175	171	253	17,629
Disposals/write-off	(13,738)	–	–	–	(3,741)	(257)	(599)	(68)	(18,403)
Termination of lease	(846)	–	–	–	–	–	–	–	(846)
Effect of movements in exchange rates	(149)	(10)	(62)	(107)	(169)	(3)	(29)	(1)	(530)
At 31 December 2023	15,246	532	6,338	–	30,632	2,920	7,285	339	63,292
At 1 January 2024	15,246	532	6,338	–	30,632	2,920	7,285	339	63,292
Transfer	–	–	–	–	(175)	–	175	–	–
Additions	–	–	242	–	1,081	183	435	–	1,941
Disposals/write-off	–	–	–	–	(2,504)	(1,631)	(1,342)	(293)	(5,770)
Termination of lease	–	–	–	–	–	(6)	–	–	(6)
Effect of movements in exchange rates	117	17	284	–	219	9	8	1	655
At 31 December 2024	15,363	549	6,864	–	29,253	1,475	6,561	47	60,112
Accumulated depreciation									
At 1 January 2023	13,251	–	45	–	21,462	2,546	5,844	155	43,303
Depreciation	1,140	–	156	–	1,602	405	143	8	3,454
Disposals/write-off	(13,607)	–	–	–	(3,265)	(253)	(566)	(68)	(17,759)
Termination of lease	(439)	–	–	–	–	–	–	–	(439)
Effect of movements in exchange rates	(17)	–	(3)	–	(111)	(3)	(8)	–	(142)
At 31 December 2023	328	–	198	–	19,688	2,695	5,413	95	28,417

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Leasehold property $'000	Freehold land $'000	Building $'000	Construction-in-progress $'000	Machinery, tools and equipment $'000	Furniture and office equipment $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Accumulated depreciation									
At 1 January 2024	328	–	198	–	19,688	2,695	5,413	95	28,417
Depreciation	252	–	901	–	856	109	728	2	2,848
Impairment loss	–	–	–	–	1,038	–	–	–	1,038
Disposals/write-off	–	–	–	–	(2,459)	(1,592)	(1,342)	(41)	(5,434)
Effect of movements in exchange rates	(1)	–	12	–	60	3	(42)	(9)	23
At 31 December 2024	579	–	1,111	–	19,183	1,215	4,757	47	26,892
Carrying amounts									
At 1 January 2023	3,060	542	3,295	1,759	11,126	459	1,898	–	22,139
At 31 December 2023	14,918	532	6,140	–	10,944	225	1,872	244	34,875
At 31 December 2024	14,784	549	5,753	–	10,070	260	1,804	–	33,220

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	**Leasehold property $'000**	**Machinery, tools and equipment $'000**	**Furniture and office equipment $'000**	**Motor vehicles $'000**	**Other assets $'000**	**Total $'000**
Cost						
At 1 January 2023	14,255	31,735	3,326	6,554	145	56,015
Additions	13,507	27	175	170	–	13,879
Disposals	(13,578)	(7,452)	(257)	(746)	(68)	(22,101)
Termination of lease	(679)	–	–	–	–	(679)
Effect of movements in exchange rates	(13)	(5)	–	(14)	–	(32)
At 31 December 2023	13,492	24,305	3,244	5,964	77	47,082
At 1 January 2024	13,492	24,305	3,244	5,964	77	47,082
Additions	–	–	183	314	–	497
Disposals	–	(1,493)	(2,000)	(982)	(40)	(4,515)
At 31 December 2024	13,492	22,812	1,427	5,296	37	43,064
Accumulated depreciation						
At 1 January 2023	13,195	21,388	2,904	5,168	145	42,800
Depreciation	1,079	1,320	401	53	–	2,853
Disposals/write-off	(13,578)	(4,563)	(257)	(591)	(68)	(19,057)
Termination of lease	(279)	–	–	–	–	(279)
Effect of movements in exchange rates	(4)	(18)	–	(5)	–	(27)
At 31 December 2023	413	18,127	3,048	4,625	77	26,290
Accumulated depreciation						
At 1 January 2024	413	18,127	3,048	4,625	77	26,290
Depreciation	800	1,045	107	52	–	2,004
Disposals/write-off	–	(1,207)	(2,000)	(970)	(40)	(4,217)
At 31 December 2024	1,213	17,965	1,155	3,707	37	24,077
Carrying amounts						
At 1 January 2023	1,060	10,347	422	1,386	–	13,215
At 31 December 2023	13,079	6,178	196	1,339	–	20,792
At 31 December 2024	12,279	4,847	272	1,589	–	18,987

Impairment of property, plant and equipment

Management has identified the CGUs according to the countries in which the Group operates in, namely Singapore, Malaysia, Taiwan and North America.

In the current year, in view of the Group's market capitalisation being lower than its net assets as at the balance sheet date, the Group performed an assessment to determine if there are any indicators of impairment of each of the Group's CGUs. The Group identified indicators of impairment for the Singapore CGU and the North America CGU.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment of property, plant and equipment (Continued)

Management has estimated the recoverable amounts of property, plant and equipment in Singapore CGU based on its value in use. This assessment requires significant judgement and takes into account past performance, management's expectation of market developments, future cash flows and discount rates. The post-tax discount rate used in the calculation of recoverable amount is as follows:

	2024
	%
Post-tax discount rate	10.71
Sales growth rate	12
EBITDA margin	5.5 to 6.4
Forecast period	16 years

The recoverable amount could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount. Based on this assessment, no impairment losses were necessary in the current year.

Management has estimated the recoverable amounts of property, plant and equipment in North America CGU based on their fair value less cost of disposal approach.

For freehold land and building, valuations were carried out by independent external valuers. The valuers have recognised professional qualifications and relevant experiences in the location and categories of property being valued.

For machinery, tools and equipment, the fair value was determined based on replacement cost approach. Management considered the recent quotes from the market and incorporated relevant adjustments to derive the fair values at the reporting date.

The recoverable amount is less than the carrying amount and accordingly, impairment loss of $547,000 (2023: $Nil) was recognised during the year.

In addition, management had also engaged external independent qualified valuers to carry out an assessment of the fair value less cost of disposal of machineries with evidence of obsolescence during the financial year. As the fair value less cost of disposal appraised were below the net book value, in accordance with accounting standards, these machineries were written down to the recoverable amount. Accordingly, the Group recorded impairment losses on these machineries of $491,000 for the financial year ended 31 December 2024 (2023: $Nil).

Measurement of fair value

(i) Fair value hierarchy

The non-recurring fair value measurement for the North America CGU freehold land and building and machinery, tools and equipment has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4(ii)).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Measurement of fair value (Continued)

(ii) Valuation technique

The following table shows the key unobservable inputs used in the valuation model for deriving level 3 fair value:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Freehold land and building	Direct comparison method	Transacted prices per square metre of comparable properties in close proximity on recent market transactions[1]	The estimated fair value varies with different adjustment factors used
Machinery, tools and equipment	Replacement cost approach	This approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence	The estimated fair value varies with different adjustment factors used

(1) Adjusted for any differences in location, tenure, size and conditions of the specific property.

5 INVESTMENT PROPERTIES

	Group and Company 2024 $'000	2023 $'000
At 1 January	1,340	1,300
Fair value gain	40	40
At 31 December	1,380	1,340

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains initial non-cancellable periods of between 1 to 2 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

Changes in fair values are recognised as gains or losses in profit or loss and included in 'other operating income'. All gains or losses are unrealised.

Measurement of fair value

(i) Fair value hierarchy

The fair values of investment properties were determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. The independent valuers provide the fair value of the Group's investment properties annually.

The fair value measurement for all of the investment properties of $1,380,000 (2023: $1,340,000) has been categorised as a Level 2 fair value based on the inputs to the valuation technique used (see Note 5(ii)).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

5 INVESTMENT PROPERTIES (CONTINUED)

Measurement of fair value (Continued)

(ii) Valuation technique

The following table shows the Group's valuation techniques used in measuring Level 2 fair values, as well as significant unobservable inputs.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Direct comparison method	Transacted prices per square metre of comparable properties in close proximity on recent market transactions[1]	The estimated fair value varies with different adjustment factors used

(1) Adjustments are made for any difference in the location, tenure, size and condition of the specific property.

6 SUBSIDIARIES

	Company 2024 $'000	Company 2023 $'000
Unquoted equity investments, at cost	5,979	5,979
Allowance for impairment loss	(1,756)	(1,756)
	4,223	4,223

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Company 2024 %	Effective equity held by the Company 2023 %
Directly held by the Company				
OHM Engineering Pte Ltd[1]	Mechanical and electrical engineering services	Singapore	100	100
Pegasus Advance Engineering Pte. Ltd.[1]	Investment holding company	Singapore	100	100
Mun Siong Engineering Sdn Bhd[2]	Provision of engineering services and contractor to the process industries in Malaysia	Malaysia	100	100
Pegasus Advance Industrial Company Ltd[3]	Provision of engineering services and contractor to the process industries in Taiwan	Taiwan	100	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

6 SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Company	
			2024	2023
			%	%
Subsidiary of Mun Siong Engineering Sdn Bhd				
Pegasus Advance Engineering Sdn Bhd[(2),(5)]	Provision of project management and mechanical engineering services in Malaysia	Malaysia	49	49
Subsidiaries of Pegasus Advance Engineering Pte. Ltd.				
Pegasus Advance Engineering (Netherlands) BV[(4)]	Investment holding company	Netherlands	100	100
Pegasus Advance Engineering (US) Inc[(4)]	Investment holding company	United States	100	100
Pegasus Industrial Midwest Limited Liability Company[(4)(6)]	Provision of engineering services and contractor to the process industries in the State of Illinois, USA	United States	100	100

(1) Audited by KPMG LLP.

(2) Audited by member firms of KPMG International.

(3) Audited by another firm

(4) Not required to be audited by laws of the country of incorporation

(5) Although the Group holds less than 50% equity stake in Pegasus Advance Engineering Sdn Bhd ("PAE(M)"), pursuant to a contractual agreement between the Group and IAH in PAE(M), the Group controls the directors' voting power over the relevant activities of PAE(M). Accordingly, PAE(M) is considered a subsidiary of the Group.

(6) Audited by KPMG LLP in Singapore for group reporting purposes.

Impairment loss

In 2024 and 2023, the Company did not identify any indicator of impairment or reversal of impairment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

7 INVESTMENT IN AN EQUITY-ACCOUNTED INVESTEE

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Interest in a joint venture	839	660	622	622

Details of the joint venture is as follows:

Interest in joint venture	Principal place of business/ Country of incorporation	Effective equity held by the Company	
		2024 %	2023 %
HIMS Integrated Services Sdn Bhd ("HIMS")	Malaysia	49	49

In 2023, HIMS increased its paid-up share capital from RM1,000,000 to RM3,000,000. The Company subscribed to the additional shares proportionately to its 49.0% equity interest.

The following table summarises the financial information of HIMS, based on its financial statements prepared in accordance with International Financial Reporting Standards.

	Group	
	2024 $'000	2023 $'000
Revenue	3,673	3,463
Profit[a] from continuing operations, comprising total comprehensive income	292	132

a Includes depreciation of $125,000 (2023: $114,000)

	Group	
	2024 $'000	2023 $'000
Non-current assets	144	253
Current assets[b]	3,193	1,688
Non-current liabilities	(19)	(24)
Current liabilities – trade and other payables and provisions	(1,932)	(895)
Net assets	1,387	1,022

b Includes cash and cash equivalents of $502,000 (2023: $421,000)

	Group	
	2024 $'000	2023 $'000
Group's interest in net assets of an investee at the beginning of year	660	323
Increase in investment	–	299
Share of total comprehensive income	179	38
Carrying amount of interest in an investee at end of the year	839	660

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

8 INVENTORIES

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Consumables, at cost	138	111	138	111

In 2024, changes in consumables recognised as cost of sales amounted to $145,287 (2023: $221,624).

9 CONTRACT ASSETS/(CONTRACT LIABILITIES)

		Group		Company	
	Note	2024	2023	2024	2023
		$'000	$'000	$'000	$'000
Contract assets		9,370	7,097	4,762	4,826
Allowance for impairment		(52)	(137)	–	–
Net contract assets	(i)	9,318	6,960	4,762	4,826
Contract liabilities	(ii)	(89)	(380)	–	(380)
		9,229	6,580	4,762	4,446

(i) Contract assets

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its business. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

(ii) Contract liabilities

Contract liabilities relate primarily to progress billings issued in excess of the Group's rights to the consideration. The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer.

Significant changes in the contract assets and contract liabilities balances during the year are as follows:

	Contract assets		Contract liabilities	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Group				
Revenue recognised that was included in contract liabilities at the beginning of the year	–	–	380	–
Increase due to cash received and progress billings, excluding amounts recognised as revenue during the year	–	–	(89)	(380)
Contract asset reclassified to trade receivables	(6,960)	(5,928)	–	–
Changes in measurement of progress	8,474	5,687	–	–
Reversal of impairment losses on contract asset	94	854	–	–
Cumulative catch-up as a result of contract modifications	750	419	–	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

10 TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Non-current					
Amounts due from subsidiaries – non-trade,					
– Interest bearing	(a)	–	–	9,638	2,710
– Interest-free	(b)	–	–	11,997	8,391
		–	–	21,635	11,101
Current					
Trade receivables		15,437	19,683	13,332	18,799
Allowance for impairment losses		(32)	(38)	(27)	–
Net trade receivables		15,405	19,645	13,305	18,799
Amounts due from subsidiaries – non-trade,					
– Interest bearing	(c)	–	–	1,934	7,553
– Interest-free	(d)	–	–	741	387
Deposits		1,161	1,474	1,009	1,304
Other receivables		208	164	103	139
		16,774	21,283	17,092	28,182
Prepayments		225	377	150	271
		16,999	21,660	17,242	28,453

(a) In respect of interest-bearing amounts due from subsidiaries, the interest ranges from 3.274% to 6.64% (2023: 2.05% to 7.32%) per annum and are repayable in 2025 – 2030 (2023: 2025 – 2026).

(b) As at 31 December 2024, these amounts were assessed to be collectible after 12 months from the reporting date, therefore they were classified as 'non-current' in the statement of financial position.

The non-trade interest-free amounts due from subsidiaries are measured at face value as it is unsecured, interest-free, has no fixed terms of repayment and it is not possible to estimate when the loan repayments will take place.

(c) In respect of the interest-bearing amounts due from subsidiaries, the interest ranges from 2.00% to 6.64% (2023: 2.05% to 6.80%) per annum and are repayable in 2030 (2023: 2024).

(d) The non-trade interest-free amounts due from subsidiaries are unsecured and are repayable on demand.

The Group's and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	7,458	6,718	4,619	4,977
Fixed deposits	2,810	3,002	2,810	3,002
Cash and cash equivalents in the consolidated statement of cash flows	10,268	9,720	7,429	7,979

Fixed deposits placed with financial institutions have maturity periods within one month (2023: one to two months) from the financial year end and interest rates ranged from 2.76% to 4.55% (2023: 3.51% to 5.15%) per annum, which are also the effective interest rates.

The Company's exposure to interest rate risk for cash and cash equivalents is disclosed in Note 27.

12 SHARE CAPITAL

	Ordinary shares	
	2024	**2023**
	Number of shares	**Number of shares**
	'000	**'000**
Company		
In issue at 1 January and 31 December	581,546	581,546

Ordinary shares

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

All issued shares are fully paid, with no par value.

Dividends

The following tax exempt (one-tier) dividends were declared and paid:

	Company	
	2024	**2023**
	$'000	**$'000**
Paid by the Company to owners of the Company		
0.04 cents per ordinary share (2023: 0.04 cents), comprising a final dividend of 0.04 cents per ordinary share (2023: 0.04 cents) and a special dividend of Nil cents per ordinary share (2023: Nil cents)	232	232

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

12 SHARE CAPITAL (CONTINUED)

Dividends (Continued)

After the respective reporting dates, a final tax exempt (one-tier) dividend is proposed by the directors. This proposed final tax-exempt dividend has not been recognised as at year end and will be submitted for shareholders' approval at the forthcoming Annual General Meeting of the Company in 2024.

	Company	
	2024	**2023**
	$'000	**$'000**
A first and final dividend of Nil cents (2023: 0.04 cents) per ordinary share	–	232

Capital management

The primary objective of the Group's capital management is to ensure that it maintains sound capital position in order to support its business and maximise shareholders' value. The Group is also committed to maintain efficient mix of debt and equity in order to achieve optimal cost of capital, while taking into account the adequacy of access to cash flows.

The Group manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may align the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

13 TRANSLATION RESERVE

Translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.

14 TREASURY SHARES

Treasury shares comprises the cost of the Company's shares held by the Group. As at 31 December 2024, the Group held 34,000 (2023: 834,000) of the Company's shares.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

15 SHARE-BASED PAYMENT ARRANGEMENTS

Mun Siong Engineering Limited Performance Share Plan ("MSE PSP") (equity-settled)

The MSE PSP was approved at an Annual General Meeting held on 20 April 2017, for granting of awards to eligible full-time employees and Executive Directors. Details of the MSE PSP are disclosed in the Directors' statement.

On 4 March 2021, an award was granted by the Company to a qualifying employee pursuant to the MSE PSP in respect of 2,400,000 shares of the Company. Under the MSE PSP, a specified number of shares will be vested and released by the Committee in accordance with the release schedule to the participant subject to the achievement of certain pre-determined performance conditions. The vesting period and the release schedule are as follows:

a) The first tranche of the Award in respect of 800,000 shares were vested after financial year ended 31 December 2021;

b) The second tranche of the Award in respect of 800,000 shares were vested after the financial year ended 31 December 2022; and

c) The third tranche of the Award in respect of 800,000 shares vested after financial year ended 31 December 2023.

16 LOANS AND BORROWINGS

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Non-current liabilities				
Lease liabilities	1,382	1,525	1,302	1,361
Bank loans – unsecured	–	926	–	926
	1,382	2,451	1,302	2,287
Current liabilities				
Lease liabilities	164	145	59	65
Bank loans – unsecured	4,098	1,270	4,098	1,270
Loan from shareholder – unsecured	1,808	–	1,808	–
	6,070	1,415	5,965	1,335
Total loans and borrowings	7,452	3,866	7,267	3,622

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

16 LOANS AND BORROWINGS (CONTINUED)

Terms and debt repayment schedule

	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group					
2024					
Lease liabilities	SGD	2.3 to 5.3	2025 – 2040	2,048	1,361
Lease liabilities	TWD	1.9	2025 – 2026	162	159
Lease liabilities	USD	4.2	2025	28	26
Bank loans	SGD	2.0 to 4.44	2025	4,105	4,098
Loan from shareholder	SGD	3.0 to 3.26	2025	1,808	1,808
				8,151	7,452
2023					
Lease liabilities	SGD	2.3 to 5.3	2024 – 2040	2,190	1,426
Lease liabilities	TWD	1.9	2024 – 2026	251	244
Bank loans	SGD	2.0 to 4.44	2025	2,236	2,196
				4,677	3,866
Company					
2024					
Lease liabilities	SGD	2.3 to 5.3	2025 – 2040	2,048	1,361
Bank loans	SGD	2.0 to 4.44	2025	4,105	4,098
Loan from shareholder	SGD	3.0 to 3.26	2025	1,808	1,808
				7,961	7,267
2023					
Lease liabilities	SGD	2.3 to 5.3	2024 – 2040	2,190	1,426
Bank loans	SGD	2.0 to 4.44	2025	2,236	2,196
				4,426	3,622

The Group's and the Company's exposure to liquidity and interest rate risks for loans and borrowings are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

16 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities $'000	Bank loans $'000	Loan from shareholder $'000	Total $'000
Group				
At 1 January 2023	986	3,440	–	4,426
Changes from financing cash flows				
Payment of lease liabilities	(564)	–	–	(564)
Repayment of bank loans	–	(6,844)	–	(6,844)
Interest paid	(97)	(81)	–	(178)
Proceed from bank loans	–	5,600	–	5,600
Total changes from financing cash flows	(661)	(1,325)	–	(1,986)
The effect of changes in foreign exchange	(11)	–	–	(11)
Other changes				
Liability-related				
Termination of lease	(418)	–	–	(418)
New leases	1,680	–	–	1,680
Interest expense	94	81	–	175
Total liability-related other changes	1,356	81	–	1,437
At 31 December 2023	1,670	2,196	–	3,866
At 1 January 2024	1,670	2,196	–	3,866
Changes from financing cash flows				
Payment of lease liabilities	(178)	–	–	(178)
Repayment of bank loans	–	(1,270)	–	(1,270)
Interest paid	(81)	(75)	(17)	(173)
Proceed from shareholder loan	–	–	1,825	1,825
Proceed from bank loans	–	3,172	–	3,172
Total changes from financing cash flows	(259)	1,827	1,808	3,376
The effect of changes in foreign exchange	(7)	–	–	(7)
Other changes				
Liability-related				
Termination of lease	(6)	–	–	(6)
New leases	54	–	–	54
Interest expense	94	75	–	169
Total liability-related other changes	142	75	–	217
At 31 December 2024	1,546	4,098	1,808	7,452

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

17 PROVISIONS

	Group and Company	
	2024	**2023**
	$'000	**$'000**
Provisions		
Non-current	569	541
Current	1,993	2,599
	2,562	3,140

Provisions for the year comprise:

(i) Provision for restoration costs

	Group and Company	
	2024	**2023**
	$'000	**$'000**
Balance at 1 January	2,594	1,315
(Write back)/additional	(61)	1,247
Unwinding of discount	29	32
Balance at 31 December	2,562	2,594

The provision for restoration costs relates to costs for dismantling and removing of assets and restoring the leased premises to its original condition as required by the operating lease agreements.

(ii) Provision for reworks

	Group and Company	
	2024	**2023**
	$'000	**$'000**
Balance at 1 January	546	462
(Write back)/additional	(546)	84
Balance at 31 December	–	546

The provision for reworks relates to the estimated liability on all expenses related to rework costs due to a joints quality issue specific to a particular project. The reworks warranty expired in 2024, and since no claims were made, the entire provision was reversed.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

18 DEFERRED TAX (ASSETS)/LIABILITIES

Movements in temporary differences during the year are as follows:

	At 1 January 2023 $'000	Recognised in profit or loss (Note 24) $'000	At 31 December 2023 $'000	Recognised in profit or loss (Note 24) $'000	At 31 December 2024 $'000
Group					
Deferred tax assets					
Unutilised capital allowances	–	(56)	(56)	(102)	(158)
Provisions	(52)	9	(43)	(36)	(79)
	(52)	(47)	(99)	(138)	(237)
Deferred tax liabilities					
Property, plant and equipment	1,462	(294)	1,168	(414)	754
	1,410	(341)	1,069	(552)	517
Company					
Deferred tax assets					
Provisions	(52)	9	(43)	(5)	(48)
Deferred tax liabilities					
Property, plant and equipment	1,462	(396)	1,066	(552)	514
	1,410	(387)	1,023	(557)	466

Deferred tax liabilities and assets are set off when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting included in the balance sheet are as follows:

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Deferred tax liabilities	517	1,069	466	1,023

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	Group	
	2024 $'000	2023 $'000
Deductible temporary differences	158	258

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

18 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Global minimum top-up tax

The amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules* provide a temporary mandatory exception from deferred tax accounting for the top-up tax that may arise from the jurisdictional adoption of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), and requires new disclosures about the new Pillar Two tax exposure.

The mandatory exception is effective immediately and applies retrospectively. However, the amendments have no impact on the Group as the Group's consolidated revenue is less than EUR 750 million/year and it is not in scope of the Pillar Two model rules.

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	8,500	6,366	4,817	5,334
Amounts due to subsidiaries				
– trade	–	–	1,176	1,872
– non-trade	–	–	–	25
Other payables and accruals	6,570	7,880	3,390	4,592
	15,070	14,246	9,383	11,823

The trade and non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to liquidity and foreign currency risks related to trade and other payables are disclosed in Note 27.

20 REVENUE

	Group	
	2024	**2023**
	$'000	**$'000**
Revenue from contracts with customers	64,826	71,207

As at 31 December 2024, the Group has revenue of $3,196,841 (2023: $4,183,683) which is expected to be recognised over the next year as the Group completes the work under contract.

The Group applied the practical expedient in SFRS(I) 15 paragraph 121 and did not disclose information about its remaining performance obligations if:

- the performance obligation was part of a contract that had an original expected duration of one year or less; or

- the Group had a right to invoice a customer in an amount that corresponded directly with its performance to date, then it recognised revenue in that amount.

Significant judgements are used to estimate total contract costs to complete. In making these estimates, management has relied on past experience of completed projects. The estimated total contract costs are reviewed every reporting period and adjusted, where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

20 REVENUE (CONTINUED)

Disaggregation of revenue

In the following table, revenue is disaggregated by geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment (see Note 26).

	Group	
	2024	**2023**
	$'000	**$'000**
Primary geographical markets		
Singapore	44,851	60,409
Indonesia	58	661
Malaysia	8,668	5,431
Taiwan	1,746	2,538
Philippines	204	–
North America	9,248	2,168
Middle East	51	–
	64,826	71,207
Timing of revenue recognition		
At a point in time	48,740	48,920
Over time	16,086	22,287
	64,826	71,207

21 OTHER INCOME

	Group	
	2024	**2023**
	$'000	**$'000**
Rental income	49	199
Gain on foreign exchange	470	–
Revaluation gain on investment properties	40	40
Gain on disposal of property, plant and equipment	–	776
Government grants	530	331
Sale of scraps	69	789
Others	147	103
	1,305	2,238

22 FINANCE INCOME AND FINANCE COSTS

	Group	
	2024	**2023**
	$'000	**$'000**
Finance income		
Interest income	220	108
Finance costs		
Financial liabilities measured at amortised cost – interest expense	(169)	(175)
Unwinding of discount on provision for restoration costs	(29)	(32)
	(198)	(207)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

23 LOSS BEFORE TAX

The following items have been included in arriving at loss before tax:

	Note	Group 2024 $'000	Group 2023 $'000
Staff costs		36,281	40,814
Contribution to defined contribution plans included in staff costs		1,251	1,155
Equity-settled share-based payment transactions		26	37
Depreciation of property, plant and equipment	4	2,848	3,454
Operating expenses arising from rental of investment properties		15	15
Audit fees paid to:			
– auditors of the Company		282	294
– other auditors		14	10
Non-audit fees paid to auditors of the Company		4	3
(Reversal of) impairment losses on trade receivables		(6)	38
Reversal of impairment losses on contract assets		(94)	(854)
Monetary penalties[1]		–	49
Fair value gain on investment properties		(40)	(40)
Net foreign exchange (gain)/loss		(470)	661

(1) Following the allegations of bribery against a former consultant who was engaged by the Group's Taiwan branch, its customer imposed penalties on the Taiwan branch. These penalties include the demand for the return of bid deposits, penalties and a 3-year suspension. The monetary penalties of $294,000 in 2022 had been deducted from the contract sums of the Group's existing contracts with the customer. An additional penalty of $49,000 was paid to the customer in 2023.

24 TAX (CREDIT)/EXPENSE

	Group 2024 $'000	Group 2023 $'000
Current tax (credit)/expense		
Current year	6	626
(Over)/under-provision in respect of prior years	(119)	34
	(113)	660
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(552)	(341)
Total tax (credit)/expense	(665)	319

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2024

24 TAX (CREDIT)/EXPENSE (CONTINUED)

	Group	
	2024	**2023**
	$'000	**$'000**
Reconciliation of effective tax rate		
Loss before tax	(6,188)	(2,486)
Tax using the Singapore tax rate of 17% (2023: 17%)	(1,052)	(423)
Effect of tax rates in foreign jurisdictions	(22)	(53)
Non-deductible expenses	881	1,414
Tax exempt income	(195)	(496)
Current year losses for which no deferred tax assets is recognised	(158)	(157)
(Over)/under provision in respect of prior years	(119)	34
	(665)	319

25 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2024 was based on the profit attributable to ordinary shareholders and a weighted-average number of ordinary shares outstanding less treasury shares as follows:

Profit attributable to ordinary shareholders

	Group	
	2024	**2023**
	$'000	**$'000**
Loss for the year	(5,523)	(2,805)

Weighted-average number of ordinary shares

	Number of shares 2024 '000	**Number of shares 2023 '000**
Issued ordinary shares at 1 January	580,763	580,409
Effect of treasury shares	408	354
Weighted-average number of ordinary shares during the year	581,171	580,763

Diluted earnings per share

Diluted earnings per share is the same as the basic earnings per share as there were no dilutive instruments in issue during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

26 OPERATING SEGMENT

The Group's Executive Committee reviews internal management report at least on a monthly basis.

There is no change in the reportable segment in 2024 and 2023.

Other services provided by the Group have been aggregated under the segment "Mechanical, electrical, instrumentation and others". None of these segments meets any of the quantitative thresholds for determining reportable segments in 2024 and 2023.

Information regarding the results of the reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Executive Committee. Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of the segment relative to other entities that operate within these industries.

Information about reportable segment – Mechanical, electrical, instrumentation and others

	2024 $'000	2023 $'000
External revenue	64,826	71,207
Interest income	220	108
Interest expenses	169	175
Depreciation of property, plant and equipment	2,848	3,454
Reportable segment loss before tax	(6,420)	(2,790)
Reportable segment assets	66,052	69,358
Capital expenditure	1,941	17,629
Reportable segment liabilities	25,173	21,632

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2024 $'000	2023 $'000
Revenues		
Consolidated revenue	64,826	71,207
Loss before tax		
Total loss for reportable segment	(6,420)	(2,790)
Share of results of an equity-accounted investee	143	65
Fair value gain on investment properties	40	40
Unallocated segment profits	49	199
Consolidated loss before tax	(6,188)	(2,486)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

26 OPERATING SEGMENT (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items (Continued)

	2024 $'000	2023 $'000
Assets		
Total assets for reportable segment	66,052	69,358
Investment properties	1,380	1,340
Investment in an equity-accounted investee	839	660
Right-of-use assets	3,891	3,968
Current tax assets	171	–
Consolidated total assets	72,333	75,326
Liabilities		
Total liabilities for reportable segment	25,173	21,632
Current tax payable	12	599
Deferred tax liabilities	517	1,069
Consolidated total liabilities	25,702	23,300

Major customers

During the financial year ended 31 December 2024, revenue from three major customers of the Group totalled approximately $28,948,000 (2023: $39,638,000), representing 44% (2023: 56%) of the Group's total revenue. The details of these customers which individually contributed 10 percent or more of the Group's revenue in each of the financial year are as follows:

	2024 $'000	2023 $'000
Customer 1	11,374	16,835
Customer 2	9,903	15,208
Customer 3	7,671	7,595
	28,948	39,638

27 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

In addition, the Group has identified climate risk as an emerging risk that has a growing impact on the Group's activities. This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group resulting from the failure of a customer to settle its financial and contractual obligations to the Group.

The carrying amounts of financial assets and contract assets represent the Group's and the Company's remaining exposure to credit risk. The Group and the Company do not require any collateral in respect of their financial assets.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2024 $'000	2023 $'000
Impairment loss of trade receivables and contract assets	–	38

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's three major customers accounts for $12,706,178 (2023: $11,530,000) of the carrying value of trade receivables and contract assets as at 31 December 2024. No significant credit risk exposure is expected based on historical data of payment statistics from these customers.

The Group's main customers are from the process industry which in turn, is dominated by a small number of big multinational players. Majority of these multi-national companies are key customers of the Group. The Group tries to reduce the market risk by maintaining its long-term relationships with these customers. The Group has reduced its market concentration risk by diversifying its source of revenue into Taiwan, Malaysia and North America.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made up front by customers who do not meet the Group's credit requirements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Trade receivables and contract assets (Continued)

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. The resultant effects of these measures have kept the Group's exposure to bad debts at an insignificant level.

There is no allowance for doubtful debts arising from non-trade amounts due from subsidiaries as the ECL is not material.

The Group assesses credit risk by also monitoring the ageing of its trade receivables and contract assets on an on-going basis.

Exposure to credit risk

A summary of the Group's and Company's exposures to credit risk for trade receivables and contract assets was as follows:

	Group			
	2024		2023	
	Not credit-impaired $'000	Credit-impaired $'000	Not credit-impaired $'000	Credit-impaired $'000
External credit ratings from S&P at least A+	12,706	–	11,530	–
Other customers:				
– Four or more years' trading history with the Group	8,319	–	9,685	–
– Less than four years' trading history with the Group	3,782	–	5,565	–
Total gross carrying value	24,807	–	26,780	–
Loss allowance	(84)	–	(175)	–
	24,723	–	26,605	–

	Company			
	2024		2023	
	Not credit-impaired $'000	Credit-impaired $'000	Not credit-impaired $'000	Credit-impaired $'000
External credit ratings from S&P at least A+	7,574	–	11,530	–
Other customers:				
– Four or more years' trading history with the Group	8,319	–	9,685	–
– Less than four years' trading history with the Group	2,201	–	2,410	–
Total gross carrying value	18,094	–	23,625	–
Loss allowance	(27)		–	–
	18,067	–	23,625	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Trade receivables and contract assets (Continued)

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Individual impairments				
At 1 January as per SFRS(I) 9	175	1,086	–	–
Impairment loss recognised	–	38	27	–
Impairment loss written back	(100)	(854)	–	–
Foreign exchange difference	9	(95)	–	–
At 31 December as per SFRS(I) 9	84	175	27	–

As at 1 January 2023, the Group recorded a provision for impairment on contract assets of $1,057,000. The contract assets related to completed purchase orders issued by Petronas prior to 1 April 2022 that were pending acceptance of work performed before final billing to Petronas.

In 2023, following a settlement on the billing and payment arrangement among all parties, the Group received payments totaling $854,000 from its customer, Petronas. Consequently, the provision was reversed by the same amount.

Cash and cash equivalents

Cash and cash equivalents are held with banks and financial institution counterparties, which are rated AA- to AA+, based on S&P ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and fixed deposits have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and fixed deposits was negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000
Group				
31 December 2024				
Non-derivative financial liabilities				
Loans and borrowings	7,452	(8,151)	(6,153)	(1,998)
Trade and other payables	15,070	(15,070)	(15,070)	–
	22,522	(23,221)	(21,223)	(1,998)
31 December 2023				
Non-derivative financial liabilities				
Loans and borrowings	3,866	(4,677)	(1,528)	(3,149)
Trade and other payables	14,246	(14,246)	(14,246)	–
	18,112	(18,923)	(15,774)	(3,149)

	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000
Company				
31 December 2024				
Non-derivative financial liabilities				
Loans and borrowings	7,267	(7,962)	(6,045)	(1,917)
Trade and other payables	9,383	(9,383)	(9,383)	–
	16,650	(17,345)	(15,428)	(1,917)
31 December 2023				
Non-derivative financial liabilities				
Loans and borrowings	3,622	(4,426)	(1,444)	(2,982)
Trade and other payables	11,823	(11,823)	(11,823)	–
	15,445	(16,249)	(13,267)	(2,982)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency in which these transactions primarily are denominated is the United States dollar (USD).

The Group's and the Company's exposures to currency risk are as follows based on notional amounts:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
USD				
Trade and other receivables	52	655	52	655
Cash and cash equivalents	1,028	2,237	1,014	2,223
Trade and other payables	(137)	(79)	(137)	(79)
Net exposure	943	2,813	929	2,799

Sensitivity analysis

A 10% strengthening of the Singapore dollar, as indicated below, against USD at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2023.

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
USD				
Profit or (loss)	(94)	(281)	(93)	(280)

A weakening of the Singapore dollar against USD at 31 December would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

Interest rate risk

At the reporting date, the interest rate profile of the Group's and Company's interest-bearing financial instruments, as reported to the management, was as follows:

	Nominal amount	
	2024	**2023**
	$'000	**$'000**
Group		
Fixed rate instruments		
Cash and cash equivalents	2,810	3,002
Bank loans	(4,098)	(2,196)
Loan from shareholder	(1,808)	–
Lease liabilities	(1,546)	(1,670)
	(4,642)	(864)
Company		
Fixed rate instruments		
Cash and cash equivalents	2,810	3,002
Amounts due from subsidiaries	11,572	10,263
Bank loans	(4,098)	(2,196)
Loan from shareholder	(1,808)	–
Lease liabilities	(1,361)	(1,426)
	7,115	9,643

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Note	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group					
31 December 2024					
Trade and other receivables*	10	16,774	–	16,774	16,774
Cash and cash equivalents	11	10,268	–	10,268	10,268
		27,042	–	27,042	27,042
Bank loans	16	–	4,098	4,098	4,098
Loan from shareholder	16	–	1,808	1,808	1,808
Trade and other payables	19	–	15,070	15,070	15,070
		–	20,976	20,976	20,976
31 December 2023					
Trade and other receivables*	10	21,283	–	21,283	21,283
Cash and cash equivalents	11	9,720	–	9,720	9,720
		31,003	–	31,003	31,003
Bank loans	16	–	2,196	2,196	2,236
Trade and other payables	19	–	14,246	14,246	14,246
		–	16,442	16,442	16,482

* *Excludes prepayments.*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

	Note	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Company					
31 December 2024					
Trade and other receivables*	10	38,727	–	38,727	38,727
Cash and cash equivalents	11	7,429	–	7,429	7,429
		46,156	–	46,156	46,156
Bank loans	16	–	4,098	4,098	4,098
Loan from shareholder	16		1,808	1,808	1,808
Trade and other payables	19	–	9,383	9,383	9,383
		–	15,289	15,289	15,289
31 December 2023					
Trade and other receivables*	10	39,283	–	39,283	39,283
Cash and cash equivalents	11	7,979	–	7,979	7,979
		47,262	–	47,262	47,262
Bank loans	16	–	2,196	2,196	2,236
Trade and other payables	19	–	11,823	11,823	11,823
		–	14,019	14,019	14,059

* *Excludes prepayments.*

Climate risk

'Climate-related risk' are potential negative impacts on the Group arising from climate change. Climate-related risks have an impact on the principal risk categories, but due to their pervasive nature have been identified and managed by the Group on an overall basis.

The Group distinguishes between physical and transition risks. Physical risks arises as the result of acute weather events such as hurricane, floods, and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risk arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy – e.g. changes to laws and regulations, litigation due to failure to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Board of Directors are responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories. The Group has developed a climate risk framework for:

- identifying risk factors and assessing their potential impact on the Group's financial statements; and
- allocating responsibilities for managing each identified risk factor.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

28 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

Fair value less costs to sell, which is determined for impairment testing purposes for North America CGU is discussed in Note 4.

(b) Investment properties

The determination of fair value of investment properties is discussed in Note 5.

(c) Bank loans

Fair value, which is determined for disclosure purposes for bank loans, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(d) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

29 RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The members of the Board of Directors of the Company and significant subsidiaries and Executive Committee are considered to be the key management personnel of the Group.

Key management personnel compensation included in staff costs comprises:

	Group	
	2024	**2023**
	$'000	**$'000**
Directors' fees	151	116
Short-term employee benefits	1,796	1,791
	1,947	1,907

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

29 RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel compensation (Continued)

Other related party transactions

Other than disclosed elsewhere in the financial statements, significant transactions with related parties at terms agreed between the parties are as follows:

	Group	
	2024	**2023**
	$'000	**$'000**
Transactions with an equity-accounted investee		
Revenue from contract (rendering of services)	7,633	4,218
Management fees	(133)	(73)

30 LEASES

Leases as lessee (SFRS(I) 16)

The Group leases a piece of land from Jurong Town Corporation ("JTC") at 26 Gul Way for a term of 16 years and 10 months with effect from February 2023. The lease will end on 31 December 2040.

The Group leases office equipment with contract term of 5 years.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased land that do not meet the definition of investment property are presented as property, plant and equipment (see Note 4).

	Leasehold property $'000	Office equipment $'000	Total $'000
Group			
2024			
Balance at 1 January	3,959	9	3,968
Additions to right-of-use assets	–	54	54
Termination of lease	–	(6)	(6)
Depreciation charge for the year	(222)	(6)	(228)
Effect of movements in exchange rates	103	–	103
Balance at 31 December	3,840	51	3,891
2023			
Balance at 1 January	3,116	40	3,156
Additions to right-of-use assets	2,207	–	2,207
Termination of lease	(408)	–	(408)
Depreciation charge for the year	(765)	(31)	(796)
Effect of movements in exchange rates	(191)	–	(191)
Balance at 31 December	3,959	9	3,968

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

30 LEASES (CONTINUED)

Amounts recognised in profit or loss

	Group	
	2024	2023
	$'000	$'000
Leases under SFRS(I) 16		
Interest on lease liabilities	81	94

Amounts recognised in statement of cash flows

	Group	
	2024	2023
	$'000	$'000
Total cash outflow for leases	259	661

Leases as lessor

The Group leases out its investment properties consisting of its owned commercial properties (see Note 6). All leases are classified as operating leases from a lessor perspective.

Operating leases

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income from investment properties recognised by the Group during 2024 was $65,000 (2023: $63,000). Note 5 sets out information about the operating leases of investment property.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group and Company	
	2024	2023
	$'000	$'000
Less than one year	65	63

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2025

TOTAL NUMBER OF ISSUED SHARES	:	581,546,400
TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES AND SHARES HELD BY A SUBSIDIARY (IF ANY)	:	581,512,400
TOTAL NUMBER AND PERCENTAGE OF TREASURY SHARES	:	34,000 (0.006%)
TOTAL NUMBER AND PERCENTAGE OF SHARES HELD BY A SUBSIDIARY	:	NIL
CLASS OF SHARES	:	ORDINARY
VOTING RIGHTS		
– On a show of hands	:	ONE VOTE FOR EACH MEMBER
– On a poll	:	ONE VOTE FOR EACH ORDINARY SHARE HELD

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	181	13.93	2,280	0.00
100 – 1,000	183	14.09	170,174	0.03
1,001 – 10,000	243	18.71	1,486,150	0.26
10,001 – 1,000,000	666	51.27	82,337,645	14.16
1,000,001 AND ABOVE	26	2.00	497,516,151	85.55
TOTAL	**1,299**	**100.00**	**581,512,400**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHENG WOEI FEN	278,997,600	47.98
2	QUEK KIAN HUI (GUO JIANHUI)	86,376,800	14.85
3	GABRIEL QUEK KIAN TECK	33,516,000	5.76
4	PHILLIP SECURITIES PTE LTD	18,032,095	3.10
5	DBS NOMINEES (PRIVATE) LIMITED	10,628,746	1.83
6	UOB KAY HIAN PRIVATE LIMITED	8,119,300	1.40
7	LIN YAN	7,266,000	1.25
8	OCBC SECURITIES PRIVATE LIMITED	7,167,200	1.23
9	HHC INVESTORS PTE. LTD.	7,095,000	1.22
10	SINGAPORE WAREHOUSE COMPANY (PRIVATE) LTD.	5,454,300	0.94
11	LIM POON KHENG EUGENE	4,800,000	0.83
12	NG HIAN CHOW	3,888,000	0.67
13	MAYBANK SECURITIES PTE. LTD.	3,551,010	0.61
14	ABN AMRO CLEARING BANK N.V.	3,152,700	0.54
15	QUEK KENG SIONG	2,651,400	0.46
16	KOH SER KIONG	2,300,000	0.40
17	TAY HWA LANG @TAY AH KOU OR JORDAN TAY SHIH LIANG	1,870,000	0.32
18	TAN HAI PENG MICHEAL	1,800,000	0.31
19	TEO SOON HOCK	1,600,000	0.28
20	RAFFLES NOMINEES (PTE.) LIMITED	1,538,300	0.26
	TOTAL	**489,804,451**	**84.24**

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2025

RULE 723 COMPLIANCE

Based on the information available to the Company as at 17 March 2025, approximately 28.9% of the issued ordinary shares of the Company is held by the public. Hence, it is in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

SUBSTANTIAL SHAREHOLDERS

	NO. OF SHARES Direct Interest	%	NO. OF SHARES Deemed Interest	%
CHENG WOEI FEN*	278,997,600	47.98%	36,167,400	6.22%
GABRIEL QUEK KIAN TECK	33,516,000	5.76%	–	–
QUEK KIAN HUI	86,376,800	14.85%	–	–

* Deemed interest of Cheng Woei Fen derived from the interests held by her son, Gabriel Quek Kian Teck, and interest held by her spouse.

TREASURY SHARES

As at 17 March 2025, the Company held 34,000 treasury shares, representing 0.006% of the total issued shares excluding treasury shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of MUN SIONG ENGINEERING LIMITED (the "**Company**") will be held at 80 Jurong East Street 21, Devan Nair Institute for Employment and Employability, Singapore 609607, Event Hall 2, Level 1 on Wednesday, 30 April 2025 at 2:00 p.m. for the following purposes:

ORDINARY BUSINESSES

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2024, together with the Auditors' Report thereon. **[Resolution 1]**

2. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company:

   (i) Cheng Woei Fen (Regulation 108) **[Resolution 2]**
   [See Explanatory Note 1]

   (ii) David Tan Chao Hsiung (Regulation 108) **[Resolution 3]**
   [See Explanatory Note 2]

3. To approve Directors' fees of up to S$153,000 for the financial year ending 31 December 2025, payable quarterly by the Company in arrears (2024: S$151,000). **[Resolution 4]**

4. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 5]**

5. To transact any other ordinary business which may be properly transacted at an AGM.

SPECIAL BUSINESSES

To consider and, if thought fit, to pass with or without amendment the following Ordinary Resolutions.

6. **Authority to allot and issue shares and convertible securities** **[Resolution 6]**

"That, pursuant to Section 161 of the Companies Act 1967 ("**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") authority be and is hereby given to the Directors of the Company to:

(i) (a) issue shares of the Company whether by way of rights, bonus or otherwise;

(b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and/or

(c) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit;

(ii) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force; and

NOTICE OF ANNUAL GENERAL MEETING

(iii) complete and do all such acts and things, including without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give effect to this Resolution.

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued on a pro-rata basis pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustment as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company at the time this Resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) (where applicable) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue to be in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.”
[See Explanatory Note 3]

NOTICE OF ANNUAL GENERAL MEETING

7. **Proposed renewal of the authority to issue shares under the MSE Performance Share Plan [Resolution 7]**

"That, pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant performance shares under the MSE Performance Share Plan and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the MSE Performance Share Plan, whether granted during the subsistence of this authority or otherwise, Provided Always that the aggregate number of additional ordinary shares to be issued pursuant to the MSE Performance Share Plan and any other share option scheme/ share-based incentive schemes of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."
[See Explanatory Note 4]

8. **Proposed renewal of the share purchase mandate [Resolution 8]**

"That

(i) for the purposes of the Companies Act, the Constitution of the Company and the Listing Manual of the SGX-ST, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company (as ascertained as at the date of AGM of the Company), unless the Company has, at any time during the period commencing from the date of which this Resolution is passed and expiring on the date the next AGM of the Company is held or is required by law to be held, whichever is earlier, after the date of this Resolution is passed, effected a reduction of its share capital in accordance with the applicable provisions under the Companies Act or a share consolidation, in which event the total number of issued shares of the Company shall be taken the total number of shares of the Company as altered by the capital reduction or the share consolidation, at the price of up to but not exceeding the Maximum Price as defined under paragraph 2.3.4 of the Addendum, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM of the Company is held or required by law to be held, whichever is earlier, or the date on which the purchases or acquisitions of shares pursuant to the share purchase mandate are carried out to the full extent mandated, whichever is earlier; and

(ii) the Directors of the Company and/or any of them be and is hereby authorised to complete and do all such acts and things (including dealing with the shares purchased by the Company, entering into all transactions, arrangements and agreements and executing such documents as may be required) as they and/or he may consider necessary, desirable or expedient to give effect to this Resolution."
[See Explanatory Note 5]

By Order of the Board

Fiona Lim Pei Pei
Company Secretary
Singapore, 15 April 2025

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Cheng Woei Fen, if re-elected, will remain as the Executive Chairlady. Please refer to page 27 of the Corporate Governance in the Annual Report 2024 for the detailed information as required pursuant to Rule 720(6) of the SGX-ST Listing Manual.

2. David Tan Chao Hsiung, if re-elected, will be considered a Non-Executive Non-Independent Director by the Board of Directors of the Company pursuant to Rule 704(8) of the SGX-ST Listing Manual and will remain as a member of the Audit, Remuneration and Nominating Committees respectively. Please refer to page 28 of the Corporate Governance in the Annual Report 2024 for the detailed information as required pursuant to Rule 720(6) of the SGX-ST Listing Manual.

3. Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

   For the purpose of this Resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

4. Resolution 7, if passed, will empower the Directors of the Company, from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of performance shares granted or to be granted pursuant to the MSE Performance Share Plan, up to an aggregate (together with any other share option schemes/share-based incentive schemes of the Company) not exceeding in total 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

5. Resolution 8 is to renew the mandate to enable the Directors of the Company to purchase or otherwise acquire shares on the terms and subject to the conditions of this Resolution which was first approved by the shareholders on 20 April 2017. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed renewal of the share purchase mandate on the audited financial statements for the financial year ended 31 December 2024 are set out in greater detail in the Addendum (dated 15 April 2025) and the Annual Report 2024.

Notes:

(1) The AGM of the Company will be held, in a wholly physical format at 80 Jurong East Street 21, Devan Nair Institute for Employment and Employability, Singapore 609607, Event Hall 2, Level 1 on Wednesday, 30 April 2025 at 2:00 p.m.. **There will be no option for members to participate in the AGM virtually.**

Printed copies of this Notice of AGM, Proxy Form and the Request Form, collectively the "**AGM Booklet**" will be sent by post to members. These documents will also be published on the Company's website at www.mun-siong.com and the SGX website at www.sgx.com/securities/company-announcements.

(2) In view of the guidance note issued by the Singapore Exchange Regulation, members may also submit questions relating to the resolutions to be tabled for approval at the AGM in the following manner:

(a) submitting question via mail to the Company's registered office at 26 Gul Way, Singapore 629199, or email to AGMQuery@mun-siong.com by 2:00 p.m. on Monday, 21 April 2025; or

(b) at the physical AGM.

When submitting the questions, please provide the Company with the following details, for verification purpose:–

(i) full name;

(ii) NRIC number;

(iii) current address;

(iv) contact number; and

(v) number of Shares held.

Please also indicate the manner in which you hold Shares in the Company (e.g. via CDP, CPF or SRS).

NOTICE OF ANNUAL GENERAL MEETING

Shareholders are encouraged to submit their questions before 2:00 p.m. on Monday, 21 April 2025 as this will allow the Company to have sufficient time to address all substantial and relevant submitted questions. The Company will respond to these questions and published it on the (i) SGX's website and (ii) the Company's corporate website on or before 2:00 p.m. on 25 April 2025 (forty-eight (48) hours prior to the closing date and time for the lodgment of the proxy forms). The minutes of the AGM will be published on (i) the SGX's website (ii) the Company's corporate website, within one month after the date of the AGM.

(3) A member who is not a relevant intermediary*, entitled to attend, speak and vote at the AGM is entitled to appoint not more than two proxies or Chairman (Chairlady) to attend, speak and vote in his/her stead at the AGM of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company.

(4) A member who is a relevant intermediary* may appoint one or more proxies to attend, speak 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 member. Relevant intermediary has the meaning ascribed to it in section 181 of the Companies Act.

*Relevant intermediary is either:

(i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

(ii) a capital markets services license holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or

(iii) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act 1963, in respect of shares purchased on behalf of CPF investors.

(5) The instrument appointing the proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the proxy or proxies is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

(6) In appointing the Chairman (Chairlady) of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman (Chairlady) of the AGM as proxy for that resolution will be treated as invalid.

(7) The instrument appointing proxy(ies), together with the letter or power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must be deposited to the Company in the following manner:

(a) mail to the Company's registered office at 26 Gul Way, Singapore 629199; or

(b) email to Proxyform@mun-siong.com.

in each case, by Sunday, 2:00 p.m. on 27 April 2025, being no later than 72 hours before the time fixed for the AGM, and in default the instrument of proxy shall not be treated as valid.

(8) Investors who hold shares through CPF Investment Scheme or Supplementary Retirement Scheme ("**SRS**"):–

(a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman (Chairlady) of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes

at least seven (7) working days before the AGM (i.e. by 2:00 p.m. on Monday, 21 April 2025).

(9) The Company shall be entitled to reject the instrument appointing the proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy or proxies (including any related attachment or supporting documents) (such as in the case where the appointor submits more than one instrument appointing the proxy or proxies).

(10) In the case of a member whose Shares are entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any instrument appointing the proxy or proxies lodged if such member, being appointor, is not shown to have Shares entered against his/her/its 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.

NOTICE OF ANNUAL GENERAL MEETING

Access to Documents

The 2024 Annual Report and the Addendum dated 15 April 2025 (in relation to the proposed renewal of the share purchase mandate) have been published and can be accessed at the Company's website at www.mun-siong.com. These documents can also be assessed at the SGX website at www.sgx.com/securities/company-announcements.

Members can request for printed copies of the above documents by completing and submitting the Request Form (part of the AGM Booklet) which was sent out to members by post.

The Request Form must be completed and sent to the Company's registered address at 26 Gul Way Singapore 629199 or email to AGMQuery@mun-siong.com no later than 5.00 p.m. on Monday, 21 April 2025.

Personal data privacy:

By (a) 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, or (b) submitting any question prior to the AGM of the Company in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing, administration and analysis by the Company (or its agents) of proxy(ies) and representative(s) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (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**");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes;

(iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities; and

(v) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

The member's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes. Photographic, sound and/or video recordings of the AGM of the Company may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM of the Company. Accordingly, the personal data of a member (such as his name, his presence at the AGM of the Company and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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MUN SIONG ENGINEERING LIMITED
Company Registration No. 196900250M
(Incorporated in the Republic of Singapore)

Proxy Form
Annual General Meeting ("**AGM**")

IMPORTANT
1. This Notice of Annual General Meeting (the "**AGM**"), together with this proxy form, Annual Report 2024 and the Addendum to the shareholders dated 15 April 2025 will be sent to members by electronic means via publication on the Company's corporate website at the URL https://www.mun-siong.com and is also made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of this Notice of AGM and Proxy Form will also be sent by post to members.
2. A relevant intermediary may appoint more than one proxy to attend the AGM and vote (please see note 3 for the definition of "**relevant intermediary**").
3. For investors who have used their Central Provident Fund ("**CPF**") and/or Supplementary Retirement Scheme ("**SRS**") monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. Please read the notes to the proxy form.

I/We ______________________ (Name), *NRIC/Passport No./Company Registration No. ______________

of ____ (Address)
being a *member/members of MUN SIONG ENGINEERING LIMITED (the "**Company**") hereby appoint:–

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%
and/or (delete as appropriate)				
Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her/them, Chairman (Chairlady) of the AGM, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be convened at 80 Jurong East Street 21, Devan Nair Institute for Employment and Employability, Singapore 609607, Event Hall 2, Level 1 on Wednesday, 30 April 2025 at 2:00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting on the resolutions are given, the *proxy/proxies may vote or abstain from voting at *his/her/their direction and any other matters arising at the AGM. In the absence of specific directions in respect of a resolution, the appointment of the Chairman (Chairlady) of the AGM as *my/our proxy for that resolution will be treated as invalid.

Note: Please indicate with an "X" or number of votes in the spaces provided whether you wish your vote(s) to be cast for or against or abstain the resolutions as set out in the Notice of AGM. If you mark the abstain box for a particular resolution, you are directing the proxy(ies) or Chairman (Chairlady) of the AGM not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

No.	Description of Resolutions	For	Against	Abstain
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2024 together with the Auditors' report thereon.			
2.	Re-election of Cheng Woei Fen as a Director of the Company			
3.	Re-election of David Tan Chao Hsiung as a Director of the Company			
4.	Approval of Directors' fees for financial year ending 31 December 2025			
5.	Re-appointment of Messrs KPMG LLP as Auditors			
6.	Authority to allot and issue shares and convertible securities			
7.	Proposed renewal of the authority to issue shares under the MSE Performance Share Plan			
8.	Proposed renewal of the Share Purchase Mandate			

* Delete where inapplicable.

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM for the full purpose and intent of the Resolutions to be passed.

Dated this __________ day of ____________________ 2025

Total Number of Shares Held

____
Signature(s) of Member(s)/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

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Notes:–

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. A proxy need not be a member of the Company.
3. Pursuant to Section 181 of the Companies Act 1967, any member who is a Relevant Intermediary* is entitled to appoint one or more proxies to attend, speak 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 member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   *Relevant Intermediary is either:

   (i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or

   (iii) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act 1963, in respect of shares purchased on behalf of CPF investors.
4. An investor who holds shares through Relevant Intermediary*, including under the CPF Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) and wishes to appoint the Chairman (Chairlady) of the AGM as proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 2:00 p.m. Monday 21 April 2025) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman (Chairlady) of the AGM to vote on their behalf no later than the Proxy Deadline.

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MUN SIONG ENGINEERING LIMITED
26 Gul Way
SINGAPORE
629199

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5. The instrument appointing a proxy(ies) or the Chairman (Chairlady) of the AGM as proxy must be mailed to or deposited at the Company's registered office at 26 Gul Way, Singapore 629199 or email to Proxyform@mun-siong.com not less than seventy-two (72) hours before the time appointed for the AGM.
6. The instrument appointing a proxy(ies) or the Chairman (Chairlady) of the AGM as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing proxy(ies) or the Chairman (Chairlady) of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. Where an instrument appointing proxy(ies) or the Chairman (Chairlady) of the AGM as proxy is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which, the instrument may be treated as invalid.
8. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) or the Chairman (Chairlady) of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2025.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Cheng Woei Fen
Executive Chairlady

Quek Kian Hui
Executive Deputy Chairman and Group Chief Executive Officer ("CEO")

Seah Hai Yang
Non-Executive Lead Independent Director

Mah Kai Leong
Non-Executive Independent Director

Elaine Beh Pur-Lin
Non-Executive Independent Director

David Tan Chao Hsiung
Non-Executive Non-Independent Director

AUDIT COMMITTEE

Seah Hai Yang
Chairman

Mah Kai Leong

Elaine Beh Pur-Lin

David Tan Chao Hsiung

REMUNERATION COMMITTEE

Mah Kai Leong
Chairman

Seah Hai Yang

Elaine Beh Pur-Lin

David Tan Chao Hsiung

NOMINATING COMMITTEE

Elaine Beh Pur-Lin
Chairlady

Seah Hai Yang

Mah Kai Leong

David Tan Chao Hsiung

EXECUTIVE COMMITTEE

Quek Kian Hui
Chairman and Group CEO

Cheng Woei Fen
Adviser

Sean Safavinejad
Group Chief Operating Officer

Lim Poon Kheng, Eugene
Group Chief Financial Officer

Teo Kheng Hock, Andy
Director, Specialised Services

Lin Yan
Director, Electrical and Instrumental Services

Narayanan Parthasarathy
Director, Mechanical Services

Shan YiJian
Director, Mechanical Services and Project Works

Neo Siow Hong, Jason
Director, Compliance and Service Excellence

COMPANY SECRETARY

Fiona Lim Pei Pei

REGISTERED OFFICE

26 Gul Way
Singapore 629199

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbour Front Avenue
Keppel Bay Tower #14-07
Singapore 098632

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place, UOB Plaza
Singapore 048624

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
#01-01 OCBC Centre
Singapore 049513

CIMB Bank Berhad
30 Raffles Place
#04-01
Singapore 048622

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
12 Marina View
#15-01 Asia Square
Tower 2
Singapore 018961
(Appointed Engagement Partner since financial year ended 31 December 2023: Ms Siew Yilin)

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