
ALPINA HOLDINGS LIMITED
(高峰控股有限公司[1])

# MOVING AHEAD
# OVERCOMING CHALLENGES

ANNUAL REPORT **2022**

[1] The Chinese name of our Company is not part of our registered name.


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*This annual report ("**Annual Report**") has been prepared by Alpina Holdings Limited (the "**Company**") and has been reviewed by the Company's sponsor, United Overseas Bank Limited ("**Sponsor**"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). This Annual Report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report. The contact person for the Sponsor is Mr. Lim Hoon Khiat, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.*

# ABOUT US

Alpina Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**Alpina**") is an established Singapore-based contractor specialising in providing integrated building services ("**IBS**"), mechanical and electrical ("**M&E**") engineering services, and alteration and addition ("**A&A**") works to public and private sector projects, with a long operating history of over 18 years. Our projects are mainly public sector projects, being projects in which the Singapore Government or a public university in Singapore is the project owner.

We hold 15 Workhead registrations and two (2) builder licences with the Building and Construction Authority ("**BCA**"). These include the highest grading of L6 for our registration under the ME15 (Integrated Building Services) and ME05 (Electrical Engineering) Workheads, which allow us to undertake projects in the public sector with no tendering limits and no project value limits under the respective Workheads.

# CORPORATE MILESTONES

**2003**

Digo Corporation Pte. Ltd. ("**Digo Corporation**") was incorporated to undertake M&E engineering projects in Singapore.

**2007**

Digo Corporation undertook its first M&E engineering project as a main contractor for a Singapore statutory board.

Kontourz Pte. Ltd. ("**Kontourz**") was incorporated to undertake M&E engineering projects of a smaller scale in Singapore.

**2014**

Digo Corporation undertook its first major IBS project under the ME15 (Integrated Building Services) Workhead as a main contractor for a Singapore statutory body with a contract sum of approximately S$4.9 million.

**2015**

Digo Corporation obtained the ME15 (Integrated Building Services) Workhead – Grade L6 registration, which enabled it to tender directly for IBS projects from government or statutory bodies with no tendering limit and no project value limit.

**2016**

Digo Corporation was awarded its first integrated facilities management ("**IFM**") contract from an education institution covering the maintenance for both building facilities and M&E systems.

**2016 to 2019**

Digo Corporation was successfully awarded various zones of contracts for integrated maintenance services for M&E systems from the same statutory board in Singapore with an aggregate contract value of approximately S$27.0 million.

**2017**

Digo Building Construction Pte. Ltd. ("**Digo Building**") was incorporated to undertake A&A works.

**2019**

Digo Corporation contracted a project for A&A works as a subcontractor with a contract sum of approximately S$38.6 million.

Digo Corporation secured three (3) contracts arising from a single tender for integrated maintenance services for M&E systems from a Singapore ministry with an aggregate contract value of approximately S$36.0 million.

**2020**

Digo Corporation obtained registration of the FM01 (Facilities Management) Workhead – Grade M3, which enabled it to tender directly for IFM projects, from government or statutory bodies, of up to S$10.0 million.

Digo Corporation secured three (3) contracts for M&E system upgrading in three (3) batches from a statutory board in Singapore with an aggregate contract value of approximately S$15.8 million.

**2022**

The Company was listed on the SGX Catalist on 28 January 2022.

Digo Corporation and Terrenus Energy Pte Ltd ("**Terrenus Energy**") were jointly awarded the sixth solar leasing tender with a solar capacity of 70 megawatt-peak ("**MWp**"), by the Housing & Development Board.

Digo Corporation obtained the Certified Facilities Management Company ("**CFMC**") certification from the Singapore International Facility Management Association.

# OUR BUSINESSES

### IBS

Our IBS contracts generally have a specified contract period ranging from one (1) to four (4) years, and in certain instances, up to six (6) years. During the contract period, our Group is required to perform a mixture of works in respect of different building systems at a specified building or at various premises. Our IBS contracts mainly encompass maintenance services (including scheduled maintenance and breakdown maintenance) on the building systems and ancillary A&A works.

For scheduled maintenance, our scope of work is generally to carry out maintenance at predetermined intervals or corresponding to prescribed criteria and intended to reduce the probability of failure or performance degradation of a system or item. This includes routine or scheduled servicing works, restoration of system, telephone and remote supports, consumables, inspection, adjustment, lubrication of the parts and equipment, fine tuning of systems, troubleshooting, updating of data, rectification, replacement and repair.

For breakdown maintenance, our scope of work generally includes urgent and ad-hoc repairs, including the replacement of spares and repairs of systems when such systems break down and restoring them to a satisfactory operating condition. It includes but is not limited to the provision of emergency maintenance and repairs, which if left unexecuted can cause injury to occupants or the loss of use of the systems or cause the systems to be made inoperative. To enable this, we have to ensure the provision and management of an efficient inventory system in which sufficient stock of essential spares, consumable items and materials for repair and replacement are kept.

For ancillary A&A works, our scope of work generally includes extension, alterations, conversion and upgrading of existing building systems as well as other minor repair and improvement works. Pursuant to our contracts, our ancillary A&A works are generally carried out upon our customers confirming the work orders.

For the majority of our projects, our services may cover more than one building system, such as:

(a) **Electrical systems.** This mainly includes lightning protection systems, generator, transformer, internal and external power supply and distribution systems, internal and external light fittings, urgent power supply systems and fire protection and alarm systems, switchboard, distribution board, lighting systems, lightning protection systems, urgent power supply systems, bus-ducts (bus-bar trunking system), standby generators, wall and ceiling fans.

(b) **Mechanical systems.** This mainly includes air-conditioning systems (such as air cooled split systems, high volume low speed (HVLS) fans, variable refrigerant volume (VRV)/variable refrigerant flow (VRF) systems, water cooled package systems and water/air cooled chiller systems), mechanical ventilation systems, plumbing and sanitary systems, extraction systems, water tanks and pumping systems, automatic gates and doors systems, motorised roller blind system, and car park/staircase exhaust system.

(c) **Domestic systems.** This mainly includes central antenna television systems, solar heater, cooler, hot and cold-water disperser and town gas and liquefied petroleum gas system.

(d) **Specialist systems.** This mainly includes transportation systems (such as all types of lift), communication systems (such as public address (PA) system), security system (such as burglar alarms, card access system), programmable logic controller (PLC) system, building automated system (BAS), building management system (BMS), maintenance management system (MMS), fire hydrant pumping system, fire sprinkler system, smoke control system wet chemical suppression system, people counting system, sound reinforcement system, and fire protection installations for fire alarm systems.

### M&E Engineering

Our M&E engineering services include the installation, replacement, and upgrading of the M&E systems, including switchboards, distribution boards, light fittings, lightning protection systems, air-conditioning and mechanical ventilation (ACMV) systems, pump systems, fire protection systems and Solar panel installation. These services are usually provided for a specific project with a lump sum contract price and not based on a fixed term.

### A&A Works

The A&A works undertaken by us are for term contracts with a fixed contract period ranging from two (2) to four (4) years. The work scope may cover building works, civil works and M&E works, which are carried out according to work orders issued from time to time during the contract period.

Our building works generally include retrofitting existing spaces into buildings or facilities owned by the customer, renovation, improvement and upgrading of buildings and interior design works, the extension and construction of buildings and structures such as shelters and general repairs and redecoration works.

Our civil works generally include demolition, upgrading works of existing facilities, drainage, road and pavement improvement works within the customer's property, repairing roof leaks and water damage, excavation works and earthworks.

Our M&E works generally include installation, replacement or upgrading of M&E systems such as electrical system, ACMV system, fire protection system, communication system and security system.

# JOINT MESSAGE FROM OUR EXECUTIVE CHAIRMAN AND CEO AND OUR EXECUTIVE DIRECTOR


**Dear Shareholders,**

On behalf of the Board of Directors (the "**Board**") of the Company, we would like to present to you our Annual Report for the financial year ended 31 December 2022 ("**FY2022**").

Anchored by our business model as an integrated facilities management specialist, we remain focused on operational execution and committed to the timely delivery of our customers' projects, which are predominantly public sector customers such as government ministries and statutory boards as well as public education institutions.

In July 2022, we obtained the Certified Facilities Management Company certification from the Singapore International Facility Management Association, enabling us to be more well-positioned to secure new Integrated Facilities Management and Integrated Building Services projects moving forward.

Over the past 12 months, there was persistent labour shortages in the market and as a result, our financial performance in FY2022 was impacted by higher labour and subcontracting costs. More details can be found in the operations and financial review section of this annual report.

Nevertheless, our three business segments remained profitable with positive cash flow generated from our operations in FY2022.

While our performance was affected in FY2022, we have proposed to double the total dividend payout in respect of FY2022 to 0.5424 Singapore cents per share as compared to the dividend payout of 0.2712 Singapore cents per share in respect of FY2021. The increase in total dividends highlights our steadfast commitment to shareholders as stated in our Offer Document.

At Alpina, we are customer-centric and entrepreneurial at heart, where we remain proactive in pursuing growth opportunities that complements our business model and targeting new opportunities within our operating markets. Our efforts are directed at serving the needs of our customers and enhancing long-term sustainable value to our stakeholders.

## Enhancing our "Green" Growth Drivers Ahead

Climate change is a global challenge, and Singapore is taking firm actions to do its part to build a sustainable future. One of the key initiatives is The Green Plan, which charts ambitious and concrete targets over the next 10 years, strengthening Singapore's commitments under the UN's 2030 Sustainable Development Agenda and the Paris Agreement, and positioning the country to achieve its long-term net zero emissions aspiration by 2050.

# JOINT MESSAGE FROM OUR EXECUTIVE CHAIRMAN AND CEO AND OUR EXECUTIVE DIRECTOR

Aligned with Singapore's pursuit for green economic growth, Alpina has been accelerating our efforts to build up our capabilities in this area over the recent years, particularly in the area of solar energy and energy efficiency technologies.

In March 2022, our wholly-owned subsidiary, Digo Corporation, and Terrenus Energy, were jointly awarded a project to install solar panels across 1,198 HDB blocks and 57 government sites, as well as smart electrical sub-meters at these residential areas. Installation of the solar photovoltaic panels is expected to progressively commence from 2023 till 2025, where Alpina will undertake the design, installation, construction, testing and commissioning of the solar photovoltaic systems of this project.

The solar energy generated from the solar photovoltaic panels can then be sold to users and at the same time, carbon credits can be generated from such operations. As solar energy adoption gains pace in Singapore, it is expected that more maintenance and upgrading work will be required, hence our accumulated technical know-how and track record will position us well for such opportunities ahead.

In addition, there will be more zero-energy buildings in Singapore that employ energy efficiency technologies, circular materials, and low-carbon innovations moving ahead.

As an integrated facilities management specialist, we are at the forefront of this transformation, where we aim to harness sustainability as a competitive advantage in the cost-effective management of large-scale physical assets. With an expanded portfolio of products and services that allows for real-time and predictive analytics, this can potentially provide new growth opportunities in our operating markets.

Given our team's ability to innovate and adapt, we are confident that the steps we took in recent years, and those that we are focused on today, will enhance our "green" growth drivers and continue to allow us to capitalise on the growth opportunities in our targeted market segments.

We are passionate about our work and the positive impact we bring to our customers. We look forward to sharing more highlights on our progress over the coming year.

Thank you for your continued support and confidence.

**Low Siong Yong**
Executive Chairman and Chief Executive Officer

**Tai Yoon On**
Executive Director

# BOARD OF DIRECTORS

## LOW SIONG YONG

*Executive Chairman and Chief Executive Officer ("**CEO**")*

Mr. Low Siong Yong is our Executive Chairman and CEO and was appointed to our Board on 8 November 2021. He is primarily responsible for the overall management and formulation of business strategies of our Group.

Mr. Low has over 25 years of experience in the building engineering and maintenance services industry in Singapore, specialising in providing IBS, M&E works and A&A works.

Mr. Low completed his secondary school education in Malaysia in 1991. In July 1995, Mr. Low obtained a module certificate in M3 industrial installation (National Technical Certificate Grade 3 in Electrical Installation and Servicing) from the Institute of Technical Education in Singapore. In October 1998, Mr. Low obtained a Skills Evaluation Certificate in Electrical Wiring Installation from the Construction Industry Development Board in Singapore, and he obtained a Building Construction Supervisors Safety Course Certificate from the Ministry of Manpower in 2004.

## TAI YOON ON

*Executive Director*

Mr. Tai Yoon On is our Executive Director and was appointed to our Board on 8 November 2021. He is responsible for the management and supervision of our Group.

Mr. Tai has over 25 years of experience in the building engineering and maintenance services industry in Singapore, specialising in providing IBS, M&E works and A&A works.

Mr. Tai completed his secondary school education in Malaysia in 1994. In October 1998, Mr. Tai obtained a Skills Evaluation Certificate in Electrical Wiring Installation from the Construction Industry Development Board in Singapore.

## ONG BENG CHYE

*Non-Executive, Lead Independent Director*

Mr. Ong Beng Chye is our Non-Executive Lead Independent Director, and was appointed to our Board on 30 December 2021.

Mr. Ong has more than 27 years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. He is currently the director of Appleton Global Private Limited (a business management and consultancy services firm) and the independent non-executive chairman of Hafary Holdings Limited and ES Group (Holdings) Ltd. He is also an independent director of other listed companies in Singapore, and shareholder and director of several private companies.

Mr. Ong is a fellow of The Institute of Chartered Accountants in England and Wales, a Chartered Financial Analyst conferred by The Institute of Chartered Financial Analyst and a non-practising Chartered Accountant (Singapore). He obtained a Bachelor of Science (Honours) from City, University of London in 1990.

# BOARD OF DIRECTORS

## CHAN JER HIANG

*Non-Executive, Independent Director*

Mr. Chan Jer Hiang is our Non-Executive Independent Director and was appointed to our Board on 30 December 2021.

Mr. Chan has been working in various law firms since 1985 and is currently the partner of a law firm, Chan Jer Hiang & Co, since 1989. Mr. Chan was employed as a legal assistant in the litigation department of Lim & Lim, Tang & Co, and Wong & Partners between 1985 to 1986, assisting with matters involving family, insolvency, personal injury, property damage and probate and succession planning. During his time as a salaried partner in Rayney Wong & Company from 1987 to June 1989, Mr. Chan handled conveyancing and corporate matters, on top of the type of matters he had previously assisted with as a legal assistant. Presently, in Chan Jer Hiang & Co, Mr. Chan acts as a legal advisor on the foregoing matters as well as building and construction issues.

Mr. Chan graduated from National University of Singapore in 1984 with a Bachelor of Laws (Honours) and has an existing practising certificate issued by the Supreme Court of Singapore. He currently has an active membership with the Law Society of Singapore and Singapore Academy of Law. In addition, Mr. Chan is currently appointed as a Commissioner for Oaths and Notary Public under the Singapore Academy of Law.

## MARCUS WOON

*Non-Executive, Independent Director*

Mr. Marcus Woon is our Non-Executive Independent Director and was appointed to our Board on 30 December 2021.

Mr. Woon commenced his career in December 1995 as a technical assistant at Chartered Semiconductor Manufacturing Ltd and led a team of manufacturing operators in meeting the production volume targets. Thereafter, between July 1999 and September 2009, Mr. Woon took on various roles involving auditing, accounting and/or managing financial matters of companies.

In October 2009, Mr. Woon took on the role of financial controller in Dynamic Colours Limited, a company listed on the Main Board of the SGX-ST, where he remained until September 2011.

Since October 2011, Mr. Woon has been the financial controller and director of Eaton Industries Pte. Ltd., responsible for managing the company's financial matters, annual statutory accounts, and compliances. Eaton Industries Pte. Ltd. is a wholly-owned subsidiary of a multi-national company in the United States of America and is in the business of manufacturing electrical machinery, apparatus, appliances and other supplies.

Mr. Woon obtained a Third Level Group Diploma in Accounting from London Chamber of Commerce & Industry in 1999. He became a member in 2003, and a fellow in 2008, of the Association of Chartered Certified Accountants (ACCA).

# KEY MANAGEMENT TEAM

### GAN WAN NI
*Chief Financial Officer*

Ms. Gan Wan Ni joined our Group as Chief Financial Officer in February 2021. She is responsible for our Group's finance and management reporting, accounting, and taxation matters, and oversees the operations of the finance team of our Group. Ms. Gan has more than 10 years' experience in auditing, accounting and finance.

Ms. Gan obtained a Bachelor of Arts Degree (Accounting and Finance) from Sheffield Hallam University in the United Kingdom in 2011 and an Advanced Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in Malaysia in 2011. Ms. Gan has been a member of the Association of Chartered Certified Accountants since March 2015 and a fellow since March 2020, and a qualified Chartered Accountant of Singapore, since June 2016, of the Institute of Singapore Chartered Accountants.

### LOW CHOO KHEE
*Project Director*

Mr. Low Choo Khee joined our Group as Project Director in April 2019. He is in charge of our Group's engineering department, leading a team of more than 200 staff. His scope of work includes performing cost planning, executing, managing and monitoring the capital and operation cash flows, and assisting with preparation of tender documents. Besides assisting with the talent acquisition department to ensure that the engineering staff undergo proper and continuous training and keep up-to-date with the current industrial requirements, Mr. Low also provides mentorship to potential staff talents.

From June 2002 to August 2008, Mr. Low was employed by the Republic of Singapore Air Force as an aircraft maintenance engineer. From October 2008, he took on the position as a material coordinator at aerospace firm ST Aviation Services Co Pte Ltd, where his scope of work included purchasing parts and raw materials and coordinating with relevant parties on such materials requested.

From September 2009, Mr. Low worked in SP Group, a utilities services provider, as a technical officer and subsequently as a senior engineer, and was responsible for, among others, managing properties and facilities in the grid network, utility building services, and maintenance thereof. He was also involved in preparing various tender documents, reviewing M&E services designs, and project management including collaborating with company stakeholders, tenants, consultants, contractors and government authorities on various projects.

Mr. Low graduated from Nanyang Polytechnic in 2000 with a Diploma in Mechatronics Engineering and graduated from Nanyang Technology University in Singapore in 2014 with a Bachelor of Engineering (Mechanical Engineering).

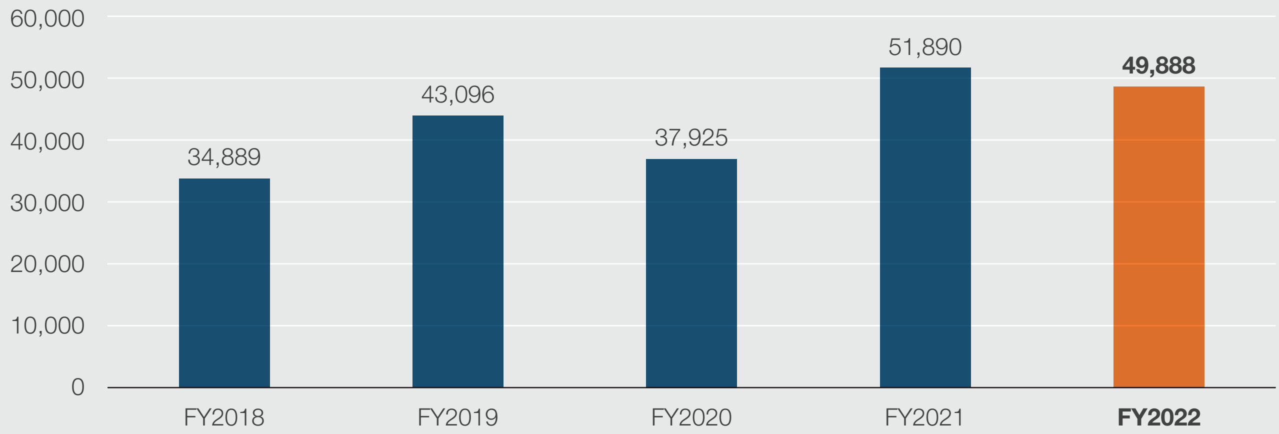
### ZHANG LIANGLIANG
*Contract Director*

Mr. Zhang Liangliang joined our Group in June 2013 and is currently the Contract Director of our Group. He is responsible for our Group's tendering, contracts management and business development. Mr. Zhang has more than 10 years' experience in tendering and contracts management.

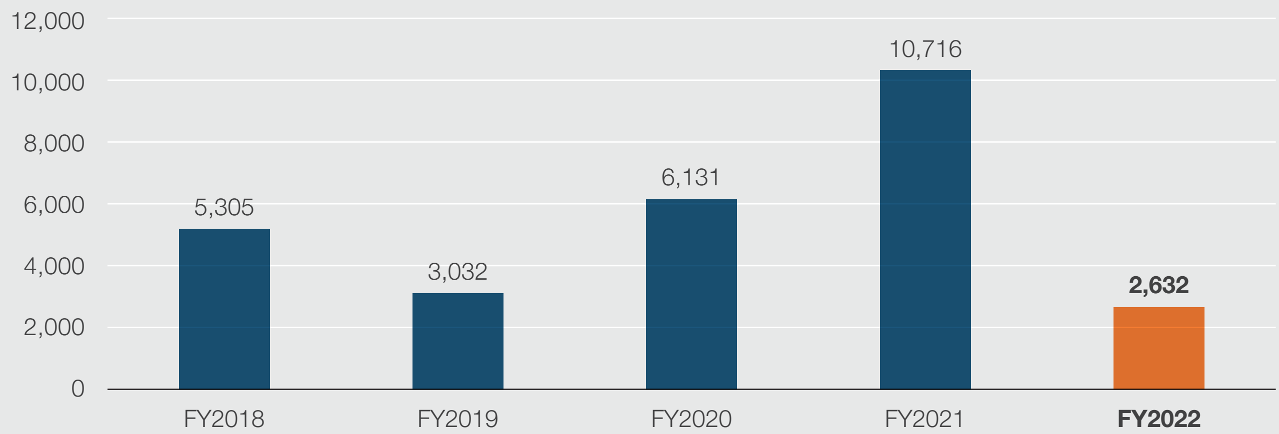
Mr. Zhang graduated with a Bachelor of Arts from the Xi'an University of Architecture & Technology in 2010. He obtained a Specialist Diploma in Building Cost Management from the BCA in 2015, and a Certificate in Contact Administration from the Singapore Institute of Surveyors and Valuers in 2016. In 2019, he obtained a Certificate in Electrical and Energy Management from the BCA.

# FINANCIAL HIGHLIGHTS

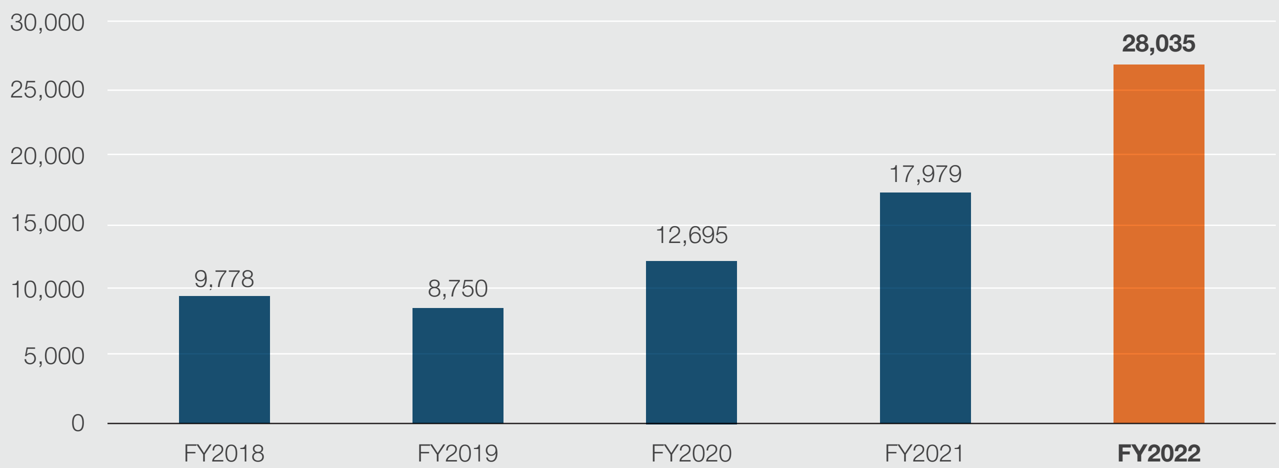
**REVENUE** (S$'000)



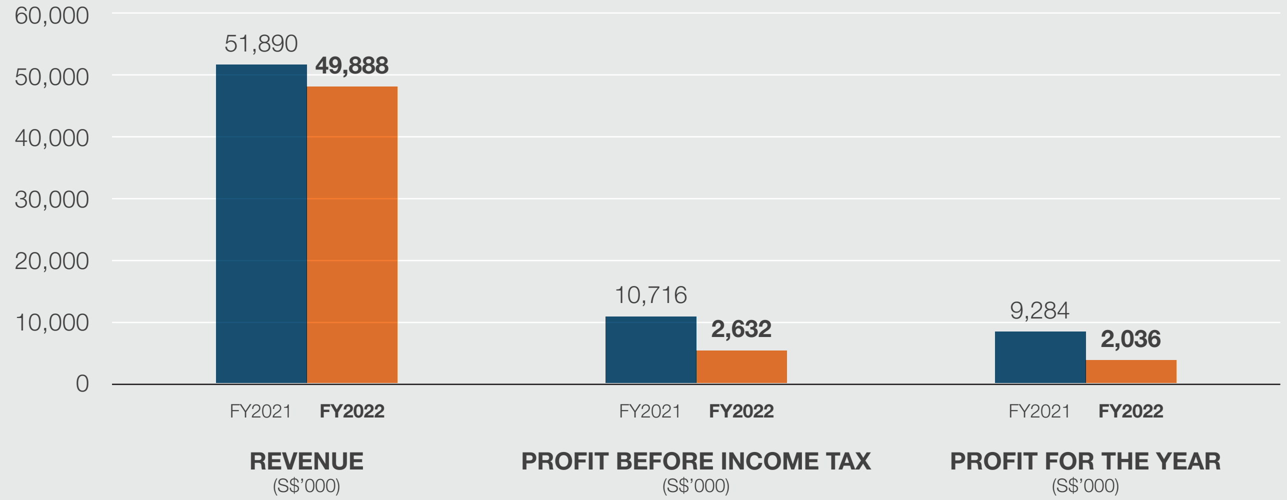

**PROFIT BEFORE INCOME TAX** (S$'000)



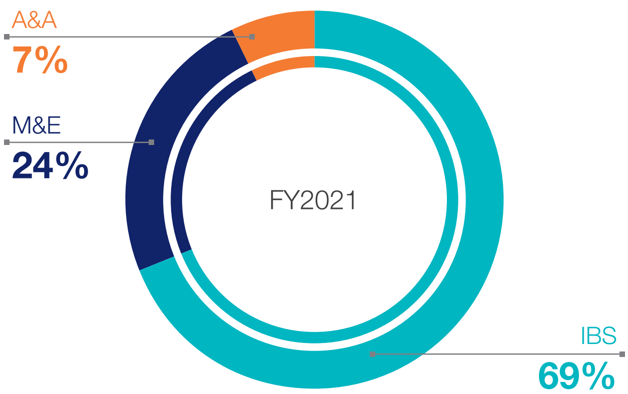

**SHAREHOLDERS' EQUITY** (S$'000)

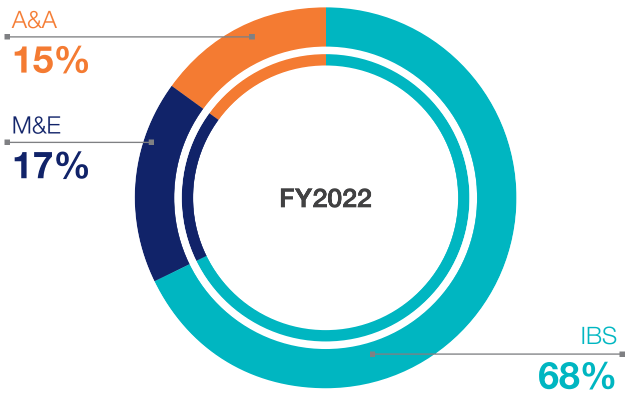


# OPERATIONS & FINANCIAL REVIEW

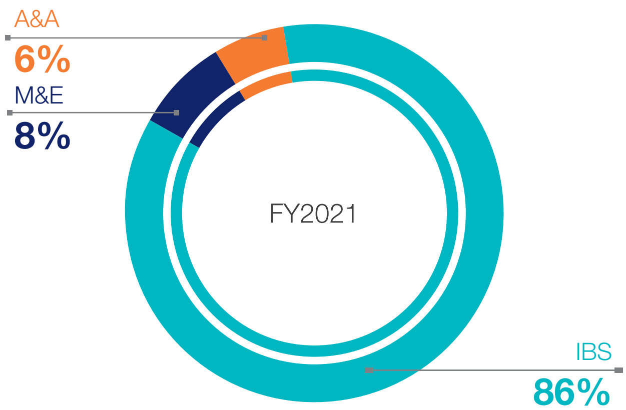


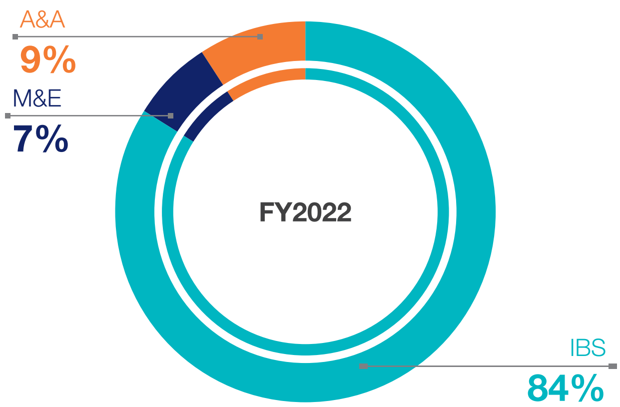

## REVENUE BY SEGMENT




## SEGMENT RESULTS



# OPERATIONS & FINANCIAL REVIEW

## REVIEW OF INCOME STATEMENT

| | FY2022 S$'000 | FY2021 S$'000 | Change % |
|---|---|---|---|
| **Revenue** | 49,888 | 51,890 | (3.9) |
| Cost of sales | (43,001) | (39,018) | 10.2 |
| Gross profits | 6,887 | 12,872 | (46.5) |
| Other income | 1,178 | 3,390 | (65.3) |
| Distribution costs | (32) | (47) | (31.9) |
| Administrative expenses | (4,850) | (5,029) | (3.6) |
| Loss allowance on financial assets and contract assets | (284) | (88) | N.M. |
| Finance costs | (267) | (382) | (30.1) |
| **Profit before income tax** | 2,632 | 10,716 | (75.4) |
| Income tax expense | (596) | (1,432) | (58.4) |
| **Profit for the financial year, representing total comprehensive income for the financial year, attributable to owners of the Company** | 2,036 | 9,284 | (78.1) |

N.M. – Not meaningful

### REVENUE

The Group's revenue decreased by S$2.0 million or 3.9% from S$51.9 million in FY2021 to S$49.9 million in FY2022.

The decrease in revenue in FY2022 as compared to FY2021 was mainly due to (i) lower revenue contribution from the IBS business segment as fewer projects were completed; and (ii) decrease in revenue for the M&E business segment as one of the projects was substantially completed in FY2021. The decrease in revenue was partially offset by higher revenue contribution from the A&A business segment as more projects were completed during FY2022.

### GROSS PROFITS

The Group's gross profits decreased by S$6.0 million or 46.5% from S$12.9 million in FY2021 to S$6.9 million in FY2022.

For the IBS business segment, the decline in gross profits and gross profit margin was mainly due to persistent labour shortages which resulted in increased labour and subcontracting costs.

For the M&E business segment, the decrease in gross profits and gross profit margin was mainly due to one of the projects with higher gross profit margin being substantially completed during FY2021.

For the A&A business segment, notwithstanding an increase in revenue, gross profits and gross profit margin had decreased mainly due to an increase in subcontracting costs as the Group had to subcontract most of its A&A projects in order to meet the project timelines.

### OTHER INCOME

The Group's other income decreased by S$2.2 million or 65.3% from S$3.4 million in FY2021 to S$1.2 million in FY2022. The decrease was mainly due to the absence of a one-off gain of S$3.2 million on disposal of a property, plant and equipment that was recognised in FY2021, partially offset by fair value gain arising from unquoted equity instruments held at fair value through profit or loss (FVTPL) and increase in government grants.

### DISTRIBUTION COSTS

The Group's distribution costs remained relatively unchanged during the relevant financial year.

### ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by S$0.2 million or 3.6% from S$5.0 million in FY2021 to S$4.9 million in FY2022. The decrease was mainly attributable to absence of (i) the one-off commission expenses paid for the disposal of an investment property of S$0.1 million and (ii) expenses incurred in connection with the Company's listing on the SGX-ST, in FY2021. The decreases were partially offset by an increase in post-listing compliance costs.

### LOSS ALLOWANCE ON FINANCIAL ASSETS AND CONTRACT ASSETS

The Group's loss allowance on financial assets and contract assets increased by S$0.2 million from S$0.1 million in FY2021 to S$0.3 million in FY2022, mainly due to slower approval of progress claims.

# OPERATIONS & FINANCIAL REVIEW

### FINANCE COSTS

The Group's finance costs decreased by S$0.1 million or 30.1% from S$0.4 million in FY2021 to S$0.3 million in FY2022 due to reduced utilisation of our trade line facilities.

### PROFIT FOR THE FINANCIAL YEAR

As a result of the above, the Group recorded a profit for the financial year of S$2.0 million in FY2022 as compared to a profit for the financial year of S$9.3 million in FY2021.

## REVIEW OF FINANCIAL POSITION

| | FY2022 | FY2021 | Change |
|---|---|---|---|
| | S$'000 | S$'000 | % |
| Current assets | 36,990 | 24,702 | 49.7 |
| Non-current assets | 10,289 | 10,457 | (1.6) |
| Current liabilities | 14,400 | 12,750 | 12.9 |
| Non-current liabilities | 4,844 | 4,430 | 9.3 |
| Total equity | 28,035 | 17,979 | 55.9 |

The Group's net asset value attributable to owners of the Company increased from S$18.0 million as at 31 December 2021 to S$28.0 million as at 31 December 2022 mainly due to an increase in accumulated profits and net proceeds from the IPO.

The Group's current assets increased by S$12.3 million or 49.7%, from S$24.7 million as at 31 December 2021 to S$37.0 million as at 31 December 2022, mainly due to an increase in (i) cash and bank balances; and (ii) contract assets due to work performed for customers under the IBS and A&A segments during FY2022 which has not been billed as such completed works are pending receipt of architects' certification. The increases were partially offset by a decrease in trade and other receivables as more payments were received from customers close to year end.

The Group's non-current assets decreased by S$0.1 million or 1.6%, from S$10.5 million as at 31 December 2021 to S$10.3 million as at 31 December 2022, mainly due to a decrease in property, plant and equipment as a result of depreciation charges, offset by an increase in deferred tax assets and fair value adjustments of investment in unquoted equity instruments.

The Group's current liabilities increased by S$1.7 million or 12.9%, from S$12.8 million as at 31 December 2021 to S$14.4 million as at 31 December 2022, mainly due to an increase in trade and other payables due to increase in purchases from subcontractors and an increase in current bank borrowings for working capital purposes.

The Group's non-current liabilities increased by S$0.4 million or 9.3%, from S$4.4 million as at 31 December 2021 to S$4.8 million as at 31 December 2022, mainly due to increase in bank borrowings.

## REVIEW OF CASH FLOWS

| | FY2022 |
|---|---|
| | S$'000 |
| Cash and cash equivalents at beginning of year | 2,261 |
| Net cash generated from operating activities | 1,258 |
| Net cash used in investing activities | (223) |
| Net cash generated from financing activities | 8,362 |
| Cash and cash equivalents at the end of the year | 11,658 |

The Group reported a net increase in cash and cash equivalents mainly due to net cash generated from operating activities and financing activities, partially offset by net cash used in investing activities.

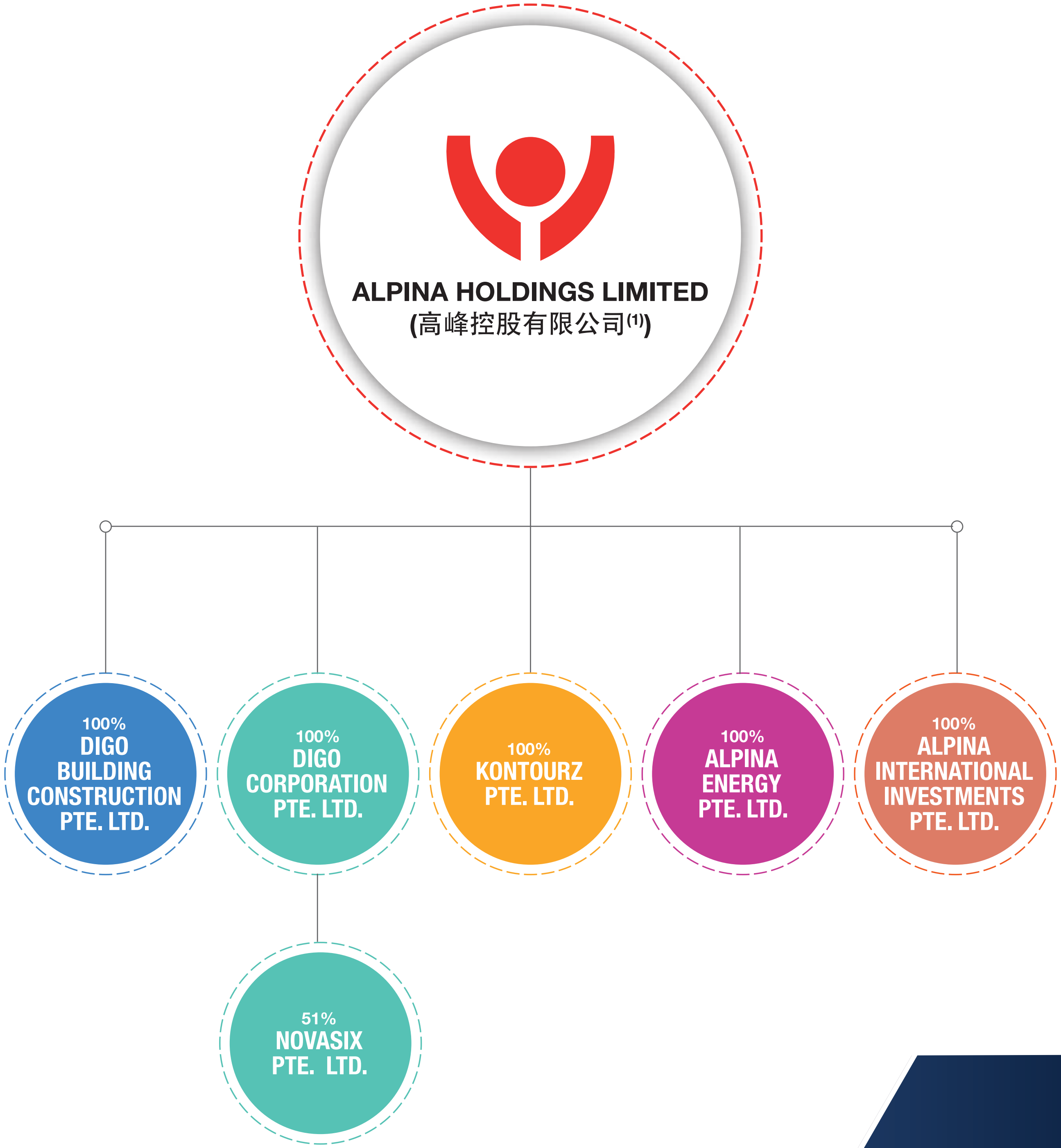
The Group's net cash generated from operating activities in FY2022 was mainly due to operating profit and a decrease in trade and other receivables and an increase in trade and other payables, partially offset by movement in contract assets and liabilities.

The Group's net cash used in investing activities was mainly due to acquisition of property, plant and equipment.

The Group's net cash generated from financing activities was mainly due to net proceeds from the issuance of new shares in connection with the IPO and a net increase in bank borrowings, which were partially offset by payment of dividends.

As a result of the above, there was a net increase of S$9.4 million in cash and cash equivalents from a net cash balance of S$2.3 million as at 31 December 2021 to S$11.7 million as at 31 December 2022.

# GROUP STRUCTURE




[1] The Chinese name of our Company is not part of our registered name.

# CORPORATE SOCIAL RESPONSIBILITY

We view corporate social responsibility as our responsibility and we recognise that we have an obligation towards our employees, investors, customers, suppliers and the community as a whole. We believe that our reputation, together with the trust and confidence of those whom we deal with, is one of our most valuable assets. We seek to maintain our reputation and such trust and confidence, and are committed to achieving long-term mutually sustainable relationships with our stakeholders.

Our Group is committed to implementing strategies to reduce our Group's carbon footprint by commencing the usage of electric motor vehicles and also the usage of LED lighting and smart lighting products mainly due to their energy efficiencies as compared to compact fluorescent lamps.

# **CORPORATE** GOVERNANCE REPORT

The board of directors ("**Board**" or "**Directors**") of Alpina Holdings Limited ("**Company**" and together with its subsidiaries, "**Group**") strongly support the principles of transparency, accountability and integrity as set out in the Code of Corporate Governance 2018 (the "**Code**"). Pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), this report ("**Report**") describes the Company's corporate governance policies and practices that were adopted for the financial year ended 31 December 2022 ("**FY2022**"), with specific reference to the principles and provisions of the Code and the accompanying practice guidance.

The Code aims to promote high levels of corporate governance by putting forth principles of good corporate governance and provisions with which companies are expected to comply. The practice guidance complements the Code by providing guidance on the application of the principles and provisions and setting out best practices for companies.

The Board confirms that for FY2022, the Company and the Group have complied with the principles as set out in the Code and where there are deviations from the provisions of the Code, explanations for the deviation and how the Group's practices are consistent with the intent of the relevant principle are provided in the sections below.

## 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.***

As at the date of this Report, the Board comprises the following Directors:

| **Name** | **Designation** |
|---|---|
| Mr. Low Siong Yong | Executive Chairman and Chief Executive Officer ("**CEO**") |
| Mr. Tai Yoon On | Executive Director |
| Mr. Ong Beng Chye | Lead Independent Director |
| Mr. Own Seak Chin @ Woon Seak Chin ("**Mr. Marcus Woon**") | Independent Director |
| Mr. Chan Jer Hiang | Independent Director |

**Directors are fiduciaries who act objectively in the best interests of the Company**

The Board oversees the Group's overall policies, strategies, key operational initiatives, performance and measurement, internal controls and risk management to protect and enhance long-term shareholders' value. Board members act in good faith and exercise independent judgement in the best interests of the Group. Directors discharge their duties and responsibilities at all times, in compliance with applicable laws and act objectively in the interest of the Company. The primary functions of the Board, apart from its statutory duties, include:

– Overseeing the overall management and business affairs of the Group;

– Formulating the Group's strategies, focusing on value creation and innovation and considering sustainability issues;

– Ensuring that the necessary resources are in place for the Group to meet its strategic objectives;

– Setting financial objectives and monitoring the Group's financial performance and management's performance;

# CORPORATE GOVERNANCE REPORT

- Reviewing and approving the Group's business plan, including annual budgets and major funding proposals;

- Overseeing the evaluation of the adequacy and effectiveness of financial reporting, internal controls and risk management framework;

- Setting the Group's approach to corporate governance, including the establishment of ethical values and standards;

- Monitoring the Company's risk of becoming subject to, or violating, any laws and ensuring that disclosures to the SGX-ST and other relevant authorities are made accurately and in a timely manner; and

- Balancing the demands of the business with those of the Company's stakeholders and ensuring obligations to material stakeholder groups (including shareholders of the Company ("**Shareholders**")) are met.

A Director is required to promptly disclose any actual, potential and perceived conflicts of interest and must recuse himself/herself from discussions and decisions involving the matter, unless his/her presence and participation is necessary to enhance the efficacy of such discussion. Nevertheless, he/she shall abstain from voting on resolutions in relation to the conflict-related matters. Such compliance will be recorded in the minutes of meeting or the Board resolutions.

**Directors' duties, induction, training and development**

All Directors are aware of their fiduciary duties and are committed to exercising due care and diligence in making their decisions and to objectively discharging their duties and responsibilities in the best interest of the Company. Aside from their statutory duties, the key roles of different classes of Directors are set out below:

- Executive Directors are members of the management who are involved in the day-to-day running of the Group's business operations. They work closely with the Independent Directors on the long-term sustainability and success of the Group. They provide insights and recommendations on the Group's operations at the Board and Board Committee meetings.

- Independent Directors do not participate in the Group's business operations and are deemed independent by the Board. They provide independent and objective advice and insights to the Board and the management. They constructively challenge the management on its decisions and contribute to the development of the Group's strategic goals and policies. They participate in the review of the management's performance in achieving the strategic goals as well as the appointment, assessment and remuneration of the Executive Directors and key management personnel.

The Executive Directors are appointed by way of service agreements or employment contract while the Independent Directors are appointed by way of letters of appointment. The duties and responsibilities of Directors are clearly set out in these service agreements or employment contracts and letters of appointment.

New Directors are briefed on the Group's industry, business, organisation structure, and strategic plans and objectives. They are also provided with the Company's constitution ("**Constitution**"), terms of reference of the Board Committees, together with the relevant policies and procedural guidelines. Our orientation for new Directors includes visits to the Group's key premises to familiarise them with the Group's operations. New Directors who have no prior experience as director of a listed company shall undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, and pursuant to Rule 406(3)(a) of the Catalist Rules. Such training expenses will be borne by the Company.

# **CORPORATE** GOVERNANCE REPORT

All of our Directors have either current and/or prior experience as a director of public listed companies in Singapore, or been briefed by the legal adviser to the Company for the Company's listing on the Catalist Board of the SGX-ST (the "**Listing**") on the roles and responsibilities of a director of a public listed company in Singapore and attended the prescribed mandatory training as prescribed under the Catalist Rules, including training on sustainability matters.

When there are changes in laws and regulations, including the Companies Act 1967 of Singapore ("**Companies Act**"), the Catalist Rules and the Code which are relevant to the Group, the Directors will be updated at the Board Meetings and/or via email in a timely manner. The external auditors regularly update the Audit Committee ("**AC**") and the Board on the developments in the Singapore Financial Reporting Standards (International) which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the management. In addition, the management regularly updates and familiarises the Directors on the business activities of the Group during the Board and Board Committee meetings.

The Nominating Committee ("**NC**") evaluates the individual Directors' competencies and recommends to the Board training and development programmes for each Director. The Directors are also encouraged to attend relevant seminars and training programmes to enhance their skills and knowledge. Directors' expenses in attending training programmes that are relevant to the Group and the Directors' ability to contribute effectively and meaningfully to the Group will be borne by the Company.

**Matters requiring Board approval**

Although the day-to-day management of the Company is delegated to the Executive Directors, certain matters are required to be decided by the Board as a whole.

The Group has in place an internal guide on matters that require the Board's approval and these matters principally include:

- Changes to the Group's capital structure and corporate structure;
- Material investments, acquisitions and disposals of assets;
- Material operating and capital expenditures;
- Interested person transactions;
- Significant policies and strategic plans of the Group;
- Recommendations/declarations of dividends;
- Annual budgets, financial statements (interim and full year), annual reports, circulars to Shareholders and SGXNet announcements; and
- Appointments or removals of Directors, company secretaries and key management personnel of the Company.

In addition, the Board also monitors the overall performance of the Group. The above list is non-exhaustive and the Group's entry into material transactions or transactions falling outside the ordinary course of the Group's business are generally subject to the Board's approval. The Board's approval and Group's conduct of matters falling within the responsibilities or purview of certain Board Committees may, depending on their materiality, be additionally subject to review and recommendations by the respective Board Committees. Matters which the Board considers suitable for delegation to a Board Committee are contained in the terms of reference of the respective Board Committees.

# CORPORATE GOVERNANCE REPORT

**Board Committees**

Board Committees, namely the AC, the NC and the Remuneration Committee ("**RC**") have been established to assist the Board. Each Board Committee has its own terms of reference, setting out its composition, authorities and duties as approved by the Board. All Board Committees are chaired by an Independent Director. While these Board Committees are delegated certain responsibilities, the responsibility for decisions relating to matters under the purview of the Board Committees ultimately lies with the Board.

A description of terms of reference of the respective Board Committees, which are reviewed by the Board on a regular basis, as well as other relevant information on the Board Committees can be found in the subsequent sections of this Report.

**Composition of Board Committees**

| Name of Director | AC | NC | RC |
|---|---|---|---|
| Ong Beng Chye | Member | Chairman | Member |
| Marcus Woon | Chairman | Member | Member |
| Chan Jer Hiang | Member | Member | Chairman |

Each of the AC, NC and RC comprise three (3) members, all of whom (including each committee's Chairman) are independent.

Profiles of the Directors are set out in the section entitled "Board of Directors" of this annual report.

**Attendance and participation in Board and Board Committee meetings**

The Board meets at least twice a year to review and approve, *inter alia*, the half year and full year results of the Group. The Board and Board Committee meetings and annual general meetings ("**AGMs**") are scheduled in advance to facilitate the Directors' attendance. Ad-hoc meetings will be convened when the Board's guidance or approval is required, outside of the scheduled meetings.

The Constitution provides that where a Director is unable to attend a Board meeting in person, he/she can participate in the meeting via telephone conference or other methods of simultaneous communication by electronic or telegraphic means. Approvals, decisions and recommendations of the Board and Board Committees may also be given by way of written resolutions.

The attendance of the Directors at scheduled Board and Board Committee meetings held during FY2022 are set out below:

| Directors | Board | | AC | | NC | | RC | |
|---|---|---|---|---|---|---|---|---|
| | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended |
| Low Siong Yong | 2 | 2 | 2* | 2* | 1* | 1* | 1* | 1* |
| Tai Yoon On | 2 | 2 | 2* | 2* | 1* | 1* | 1* | 1* |
| Ong Beng Chye | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Marcus Woon | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Chan Jer Hiang | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |

* While not a member of the Board Committee, this Director has attended the meeting as an invitee.

# **CORPORATE** GOVERNANCE REPORT

In addition, all Directors attended the AGM of the Company held on 27 June 2022.

All Directors are required to declare their board representations in other companies. When a Director has multiple board representations, the NC also considers whether the Director is able to carry out and has adequately carried out his duties as a Director, taking into consideration the number of listed company board representations and other principal commitments of the Director. Given their full attendance at all Board and Board Committee meetings held in FY2022, responsiveness and level of contribution to the Group, the Board is satisfied that the Directors are each able to devote sufficient time and attention to the affairs of the Group.

**Complete, adequate and timely information to make informed decisions**

The management recognises that relevant, complete and accurate information needs to be provided to the Directors prior to meetings and on an on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities effectively and efficiently.

The management provides to the Board, on a half-yearly basis, financial information in respect of each half-year and/or full-year period (as applicable) and relevant background information and materials relating to the matters that will be discussed at the Board and Board Committee meetings. This enables the Directors to better understand such matters before the meetings, allowing for a more meaningful discussion of such matters during the meetings. Any additional materials or information requested by the Directors are promptly furnished. If necessary or requested, the Company arranges for key management personnel who are able to explain and provide insights to the matters to be discussed to make the appropriate presentation to and address the concerns of the Board during or as soon as practicable after such meetings.

In presenting the annual budget of the Group to the Directors, material variances between budgeted results in the annual and actual results are disclosed and explained by the management at the AC and/or Board meetings.

The management also informs the Board, on an ongoing basis, of all significant events as and when they occur and circulates Board papers and/or salient information on material transactions to the Directors to facilitate a robust discussion before the transactions are entered into. The Board may from time to time convene, whether or not at the management’s request, meetings or discussions as deemed necessary.

**Separate and independent access to management, company secretaries and external advisers**

The Board has separate and independent access to the management, the Company Secretaries, and external professionals, including legal counsels and auditors. Any materials or information requested by the Directors to make informed decisions were promptly furnished.

**Appointment and removal of the Company Secretaries**

The role of the Company Secretaries is clearly defined and includes:

– Attending Board and Board Committee meetings and ensuring that meeting procedures are adhered to;

– Together with the management, ensuring that the Company complies with all relevant requirements of the Companies Act and the Catalist Rules;

– Advising the Board on all corporate governance matters; and

– Assisting the Executive Chairman in ensuring an adequate and timely flow of information within the Board and Board Committees, and between the management and the Board.

# CORPORATE GOVERNANCE REPORT

The Company will seek appropriate advice or opinions from qualified professionals or experts, if deemed necessary by the Board or the management. The Directors are entitled to seek independent professional advice on matters relating to the Group at the expense of the Company.

The appointment and removal of each Company Secretary is subject to the Board's collective approval.

***BOARD COMPOSITION AND GUIDANCE***

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

**Board Independence**

The role of the Independent Directors is particularly important in ensuring that the strategies proposed by management are constructively challenged, thoroughly considered and examined, and take into account the long-term interests of the Group's stakeholders, which includes Shareholders, employees, customers and suppliers. As our Executive Chairman is not independent, Independent Directors make up the majority of the Board, the composition of which is in compliance with the Code. This element of independence enables the Board to exercise objective independent judgement and provide the management with diverse and objective perspectives on corporate affairs and matters affecting the Group. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making processes. All matters put forth to the Board for approval are only deemed approved if approved by a majority of the Directors or such higher threshold as may be applicable.

An Independent Director shall immediately disclose to the NC and/or the Company Secretaries any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company.

The Group had in the past, from time to time, engaged Chan Jer Hiang & Co (which Mr. Chan Jer Hiang, an Independent Director, is a partner of) to provide legal services to the Group. The Executive Chairman and CEO, Mr. Low Siong Yong, and the Executive Director, Mr. Tai Yoon On, had also from time to time, in their personal capacity, engaged Chan Jer Hiang & Co for legal services. Mr. Chan Jer Hiang was on such instances the engagement partner involved in the provision of professional services. During FY2022, Appleton Global Private Limited had provided professional services in relation to corporate matters of the Group, amounting to $3,000. Mr. Ong Beng Chye, the Lead Independent Director, is the sole shareholder and a director of Appleton Global Private Limited.

Notwithstanding the above, having reviewed and considered the credentials and independence of Mr. Chan Jer Hiang and Mr. Ong Beng Chye, the NC and the Board (other than Mr. Chan Jer Hiang and Mr. Ong Beng Chye where regards each of the foregoing Directors' own independence) have determined that Mr. Chan Jer Hiang and Mr. Ong Beng Chye be considered independent for the following reasons:

(a) the aggregate fees paid by our Group and our Executive Directors to each of Chan Jer Hiang & Co and Appleton Global Private Limited for such professional services in each of the financial years ended 31 December ("**FY**") 2020, 2021 and 2022 (as applicable) was less than S$10,000. Such fees charged by Chan Jer Hiang & Co and Appleton Global Private Limited to the Group were on an arm's length basis and were based on normal commercial terms;

(b) Mr. Chan Jer Hiang and Mr. Ong Beng Chye have each confirmed that neither he nor his immediate family has been employed by the Company or its related corporations in the current or any of the last three (3) financial years; and

(c) in respect of Mr. Chan Jer Hiang, the Group has ceased to engage the services of Chan Jer Hiang & Co and Mr. Chan Jer Hiang since the Listing, other than contributions as an Independent Director of the Company.

# **CORPORATE** GOVERNANCE REPORT

The independence of each Director is reviewed annually by the NC with reference to the criteria for independence in the Code and the Catalist Rules. Each Independent Director is required annually to provide a signed confirmation that he/she is independent within the meaning of the Code and the Catalist Rules. The NC and the Board have reviewed and ascertained that all Independent Directors are independent in conduct, character and judgement, and in accordance with the Code and its accompanying practice guidances and the Catalist Rules and note that save as disclosed above, none of the Independent Directors has any relationship with the Company, its related corporations, substantial Shareholders or officers, which could interfere or be perceived to interfere with their independent judgement.

As at the date of this Report, no Independent Director has served on the Board for more than nine (9) years.

**Board Diversity**

The Company recognises and embraces Board diversity as an essential element in supporting the achievement of business objectives and sustainable development in an ever-changing business environment.

The Company has a formal Board diversity policy in place. The Board recognises that the selection process is crucial in maintaining Board diversity and in sourcing for new Directors, the Company is mindful to select from a wide and diverse talent pool when shortlisting candidates for Board appointment. This in addition allows the Company flexibility in the shortlisting stage. The NC will continue to review the Board diversity policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. Any updates or progress made towards implementing the Board diversity policy will be disclosed in the Company's Corporate Governance Report, as appropriate.

Under our Board diversity policy, in reviewing the composition of the Board, the NC shall consider the adequacy of the Board's diversity from several aspects, including but not limited to gender, age, educational background, nationality and ethnicity, cultural background, professional experience, skills and knowledge. Board appointments will be based on merit and the contribution that the Board foresees the candidates will bring to the Board, and candidates will be assessed against objective criteria, having due regard for the benefits of diversity on the Board.

While the Board composition may determine its diversity, the Company aims to complement and benefit from this diversity by ensuring that Directors adopt an independent mindset when carrying out their responsibilities. To gather and leverage on diverse perspectives, the Executive Chairman hence cultivates an inclusive environment where all Directors are encouraged to speak up and participate in decision-making.

The Board has assessed its size and composition to be appropriate for effective decision-making, considering the nature and scope of the Group's operations. No individual or small group of individuals dominates the Board's decision-making. The Board and Board Committees have an appropriate balance and mix of skills, knowledge and experience in the Group's core businesses and the areas of accounting and finance, legal and regulatory compliance, business management and risk management. The Board recognises that it currently comprises only male Directors as these Directors have been assessed to, based on other aspects of diversity, provide a mix of skills, knowledge, expertise and other attributes appropriate and beneficial in light of the Company's current needs. Nonetheless, under our Board diversity policy, any search firm engaged to assist the Board or a Board Committee in identifying candidates for appointment to the Board will be specifically directed to include diverse candidates and female candidates in particular. The NC will continue to assess on an annual basis the skill set of the Board to ensure that the skills of the Directors remain relevant to the business of the Group. Profiles of the Directors are set out in the section entitled "Board of Directors" of this annual report.

# CORPORATE GOVERNANCE REPORT

**Independent Directors meet regularly without the presence of the management**

To facilitate a more effective check on the management, the Independent Directors shall meet at least once a year with the internal and external auditors without the presence of the management. The Independent Directors also communicate with each other from time to time without the presence of the management to discuss the performance of the management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board or the Executive Chairman and CEO, as appropriate.

The Independent Directors have met once without the presence of the management in FY2022.

***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.***

**Responsibilities of Chairman and CEO**

The Executive Chairman and CEO of the Company is Mr. Low Siong Yong. Mr. Low Siong Yong takes an active role in the management of the Group and oversees the effectiveness of the Board. He ensures that Board meetings are held regularly, sets the Board meeting agenda in consultation with all Board members and ensures that information is disseminated to the Board members adequately and in a timely manner. Mr. Low Siong Yong also ensures that the culture in the boardroom promotes open interaction and contributions by all Board members.

The Board, after careful consideration, is of the opinion that it is not currently necessary to vest the roles of the Chairman of the Board and CEO in two different individuals. This is after taking into consideration the size, scope and nature of the operations of our Group, that a majority of the Board are independent and the AC, NC and RC are chaired by Independent Directors. The strong independent element on the Board ensures the Board's capacity for independent decision making and that there is no concentration of power and authority in one individual.

**Lead Independent Director**

As the Executive Chairman is part of the management and therefore not independent, the Code recommends that the Board have a lead independent director. Mr Ong Beng Chye has been appointed as the Company's Lead Independent Director. The responsibilities of the Lead Independent Director include:

– providing leadership in situations where the Executive Chairman is conflicted;

– acting as the principal liaison to address Shareholders' concerns where contact through the normal channels of communication with the Executive Director(s) or key management personnel are inappropriate or have failed to resolve the concerns in question;

– chairing Board meetings on behalf of or in the absence of the Executive Chairman;

– working with the Executive Chairman in leading the Board; and

– providing a channel to Independent Directors for confidential discussions on any concerns they may have and to resolve conflicts of interest, as and when necessary.

No query or request on any matters which require the attention of the Lead Independent Director was received in FY2022.

# **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.***

### Composition of NC and Terms of Reference of NC

As at the date of this Report, all members of the NC, including its Chairman, are independent. The Lead Independent Director is also the Chairman of the NC.

The written terms of reference of the NC have been approved and adopted, and they include the following:

(a) establishing a formal and transparent process for the appointment and re-appointment of Directors to the Board, taking into account the need for progressive renewal of the Board, and assessing annually the effectiveness of the Board as a whole, and that of each of the Board Committees and individual Directors;

(b) making recommendations to the Board on relevant matters relating to:

   (i) the review of succession plans for Directors and executive officers;

   (ii) the development of a process for evaluation of the performance of the Board, Board Committees and Directors;

   (iii) the review of training and professional development programmes for the Board; and

   (iv) the appointment and re-appointment of Directors;

(c) reviewing and approving any new employment or re-employment of persons related to the Directors, CEO or substantial Shareholders and the proposed terms of their employment or re-employment;

(d) determining the composition of the Board, taking into account the requirements of the Company now and in the future, the need for diversity in the Board composition and other considerations such as those set out in the Code;

(e) making recommendations to the Board on board appointments, including nominations of existing Directors for re-election in accordance with our Constitution, taking into account the Director's contribution and performance;

(f) determining on an annual basis whether a Director is independent, taking into account the circumstances set forth in the Code and any other salient factors;

(g) deciding whether a Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;

(h) deciding how the Board's performance may be evaluated and proposing objective performance criteria, as approved by the Board, that allow comparison with the Company's industry peers, and address how the Board has enhanced long-term Shareholders' value;

(i) ensuring that each Director submits himself for re-nomination and re-election at least once every three (3) years;

(j) ensuring that the Board and Board Committees comprise Directors who, as a group, provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate; and

# CORPORATE GOVERNANCE REPORT

(k) undertaking a formal annual assessment of the Board's effectiveness as a whole and that of each of the Board Committees and individual Directors and recommending for our Board's approval the objective performance criteria and process for the evaluation of the effectiveness of our Board as a whole, and of each of the Board Committees separately, as well as the contribution of each individual Director to the Board.

**Process for the selection, appointment and re-appointment of Directors**

The Company does not have a formal selection criteria for the appointment of new Directors. When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular qualifications and attributes, or to replace a retiring Director, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate qualifications and attributes for the position. In its search and nomination process for new Directors, the NC may rely on executive search companies or recruitment agencies, personal contacts and recommendations for the right candidates. The NC ensures that the newly appointed Director is aware of his/her duties and obligations.

Board appointments are made by the Board after the NC has, upon reviewing the resume of the proposed Director and conducting appropriate interviews, recommended the appointment to the Board. The NC is also in charge of re-nominating the Directors, having regard to their contribution and performance. Pursuant to the Constitution, one-third of the Directors shall retire from office at the AGM every year, provided that all Directors shall retire from office at least once every three (3) years. Directors newly appointed by the Board are required to retire at the first AGM following his/her appointment. Retiring Directors are eligible to offer themselves for re-election. Each member of the NC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as a Director.

Pursuant to Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to Regulations 100 and 101 the Constitution, at each AGM, at least one-third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), the number nearest to one-third but not less than one-third shall retire by rotation, and all Directors shall retire at least once every three (3) years and such retiring Director shall be eligible for re-election.

The NC has recommended, and the Board has approved for tabling for Shareholders' approval the re-election of Mr. Tai Yoon On and Mr. Marcus Woon, who will be retiring at the forthcoming AGM, as Directors. In making such recommendation, the NC has considered the respective Director's overall performance and contributions and each of Mr. Tai Yoon On and Mr. Marcus Woon have abstained from voting on any resolution related to their re-election.

The details of the Directors who will retire by rotation at the forthcoming AGM to be held on 27 April 2023 are disclosed in the section entitled "Additional Information on Directors Seeking Re-election" in this annual report.

**Multiple listed company directorships and other principal commitments**

The NC ensures that newly appointed Directors are aware of their duties and obligations. For the re-nomination and re-appointment of Directors, the NC takes into consideration the competing time commitments faced by Directors and their ability to devote sufficient time and attention to the Group. Each Director is required to declare changes in his/her listed company directorships or other principal commitments during the year to enable the on-going assessment of Directors' capacity to commit to the Company. Aside from taking into account the number of listed company directorships and other principal commitments of the Directors, the NC also considers the results of the annual evaluation of each Director's effectiveness and the respective Director's contribution at the Board and Board Committees meetings to determine whether the Director is able to discharge his duties diligently.

# **CORPORATE** GOVERNANCE REPORT

The NC and the Board are of the view that there is no necessity to determine the maximum number of listed company board representations which a Director may hold as the Board is of the view that having multiple directorships and principal commitments does not necessarily prevent the Directors from discharging their duties as a Director effectively. In addition, the NC believes that a maximum limit of the numbers of directorships which a Director can hold may be arbitrary given that the time and commitment demands for each directorship position would vary and is of the view that a prescriptive limit is currently not needed.

The NC and the Board are of the view that each Director has discharged his duties diligently during FY2022.

As at the date of this Report, the listed company directorships and principal commitments of each Director (aside from appointments held in and commitments to the Group) are set out below:

| **Name of Director** | **Position** | **Present directorships in other listed companies** | **Present principal commitments** |
|---|---|---|---|
| Low Siong Yong | Executive Chairman and CEO | Nil | Nil |
| Tai Yoon On | Executive Director | Nil | Nil |
| Ong Beng Chye | Lead Independent Director | • ES Group (Holdings) Limited<br>• Geo Energy Resources Limited<br>• Hafary Holdings Limited<br>• IPS Securex Holdings Limited<br>• LMS Compliance Ltd. | • Appleton Global Private Limited (Executive Director) |
| Marcus Woon | Independent Director | Nil | • Eaton Industries Pte. Ltd. (Executive Director) |
| Chan Jer Hiang | Independent Director | Nil | • Chan Jer Hiang & Co (Partner) |

Alternate directors would only be appointed in exceptional circumstances. No alternate director has been appointed to the Board.

***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 NC assesses the effectiveness of the Board and Board Committees and the contribution by each Director annually using evaluation checklists. Directors' responses in the evaluation checklists are consolidated and summarised into a report that is reviewed by the NC and tabled to the Board. The Executive Chairman will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new Directors may be appointed, the Company may discuss with certain Directors aspects of their performance on the Board, or the resignation of Directors may be sought.

In assessing the Board's and Board Committees' effectiveness, the NC considers factors such as:

– The Board's and Board Committees' composition, including balance of skills;

# CORPORATE GOVERNANCE REPORT

– The Board's and Board Committees' practices and conduct, including whether there is an adequate and timely flow of information between them and between them and the management, communications with the Shareholders and the management and how the Executive Chairman and Board Committees' chairpersons provide effective leadership to the Board and Board Committees respectively;

– The Board's contribution to the formulation of strategies and in ensuring effective risk management; and

– The Board Committees' contribution in facilitating effective and efficient decision-making by the Board.

In assessing the contribution by each Director, the NC considers factors such as:

– The commitment demonstrated by each Director, including attendance at Board and Board Committees meetings and the preparedness of each Director for meetings;

– The willingness and ability of each Director to constructively and effectively contribute in discussions;

– The technical knowledge in their field of expertise and business knowledge of each Director; and

– The interaction of each Director with fellow Directors and the management.

Where appropriate, the NC will review and make changes to the evaluation checklists to align with prevailing regulations and requirements.

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

Based on the NC's review for FY2022, the Board has been effective as a whole and each Director has contributed to the effective functioning of the Board and Board Committees.

Although no external independent facilitator had been engaged for performance assessments of the Board, Board Committees and Directors, the NC has full authority to do so, if the need arises.

## 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.***

**Composition of RC and Terms of Reference of RC**

The RC makes recommendations to the Board on the framework of remuneration and the specific remuneration packages for each Director and key management personnel.

As at the date of this Report, all members of the RC, including its Chairman, are independent.

The written terms of reference of the RC have been approved and adopted, and they include the following:

(a) ensuring the remuneration policies and systems of the Group, as approved by the Board, support the Group's objectives and strategies, and are consistently administered and being adhered to within the Group;

# **CORPORATE** GOVERNANCE REPORT

(b) in the case of service agreements, reviewing the obligations arising in the event of termination of the Executive Directors' service agreements or key management personnels' service contracts, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous;

(c) proposing, for adoption by the Board, measurable, appropriate and meaningful performance criteria to assist in the evaluation of the performance of the executive officers, the Directors and of the Board as a whole;

(d) considering all aspects of remuneration (including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments) and termination terms, to ensure they are fair and that the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account the strategic objectives;

(e) reviewing the terms of performance-related remuneration schemes or incentive schemes (if any) and determining the eligibility criteria of the employees who can participate in such schemes; and

(f) conducting an annual review of the remuneration, bonuses, pay increments and/or promotions of employees who are related to the Directors and/or substantial Shareholders.

**RC to consider all aspects of remuneration and ensure that they are fair**

The RC considers all aspects of remuneration (including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments) and termination terms in the review of remuneration packages for each Director and key management personnel.

The Independent Directors have not entered into service agreements with the Company and receive Directors' fees commensurate with their contributions and taking into consideration factors such as effort and time spent and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board for approval by Shareholders at each AGM. Each member of the RC shall abstain from voting on any resolutions in respect of his or her remuneration package and any matter being reviewed or considered by the RC in which he has an interest.

The Executive Directors have each entered into a service agreement with the Company ("**Service Agreement**"), under which the terms of their employment are stipulated, including a monthly base salary, annual wage supplement and benefits commensurate with the position. The Executive Directors also participate in a profit-sharing scheme that is pegged to the Group's profitability. The Executive Directors do not receive Directors' fees and there are no post retirement and severance benefits except that the Company may choose to give either notice or salary in lieu of notice in the event of termination, as is common practice in employment relationships. Each Service Agreement is valid for three (3) years from the date of the Listing ("**Initial Term**") and subject to renewal at the end of the Initial Term on such terms as may be agreed between the Company and the Executive Directors, and (if necessary) approved by the Board, the NC, the RC and/or the Shareholders, unless otherwise agreed in writing between the Company and the Executive Directors or terminated in accordance with the Service Agreement. Please refer to the section entitled "Directors, Executive Officers and Employees – Service Agreements" of the Company's offer document dated 21 January 2022 ("**Offer Document**") for further details on the Service Agreements.

**Expert advice on remuneration**

The RC has the right to seek professional advice relating to the remuneration of any of the Directors and key management personnel. The RC is responsible for ensuring that any relationship between the appointed remuneration consultant (if any) and any of the Directors and key management personnel will not affect the independence and objectivity of the remuneration consultant. The expenses incurred in obtaining such advice will be borne by the Company.

The Board did not engage any external remuneration consultant to advise on remuneration matters in FY2022.

# CORPORATE GOVERNANCE REPORT

***LEVEL AND MIX OF REMUNERATION***

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

**Performance-related remuneration for Executive Directors and Key Management Personnel**

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, considering the strategic objectives of the Company.

The remuneration of Executive Directors and key management personnel comprise fixed components, including salaries and bonuses, and a variable component. Discretionary bonuses (if any) are determined based on individual performance, the Group's performance for each financial year against key performance indicators of revenue and profit targets, as well as other factors such as market conditions. Their remuneration is linked to their roles and responsibilities and promotion of the long-term success of the Group, as aligned with Shareholders' interests. The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Executive Directors and key management personnel of the required experience and expertise.

Having reviewed the remuneration packages of the Executive Directors and key management personnel, the RC is of the view that it is not necessary to institute contractual provisions 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 Group. The Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events.

The Company does not offer any share plan or share option scheme. The RC may consider other forms of long-term incentive schemes for the management when necessary.

**Remuneration of Non-Executive Directors**

The Non-Executive Directors are paid Directors' fees half yearly in arrears and such Directors' fees, being an agreed amount, are subject to Shareholders' approval at the AGM. The proposed Directors' fees are determined in accordance with their contribution, effort, time spent and responsibilities. The Non-Executive Directors shall not be overly remunerated to the extent that their independence may be compromised. Executive Directors are not paid Directors' fees.

***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.***

**Disclosure of Remuneration of Directors and key management personnel**

A separate annual remuneration report is not prepared as the matters which need to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Report and in the financial statements of the Company.

# **CORPORATE** GOVERNANCE REPORT

A breakdown showing the band/amount and mix of each Director's remuneration for FY2022 is as follows:

| **Remuneration band/amount** | **Salary (%)** | **Allowance and CPF (%)** | **Variable or performance-related bonus (%)** | **Director's fees (%)** | **Total (%)** |
|---|---|---|---|---|---|
| **S$700,001 to S$800,000** | | | | | |
| Low Siong Yong | 90 | 2 | 8 | – | 100 |
| Tai Yoon On | 91 | 2 | 7 | – | 100 |
| **Below S$50,000** | | | | | |
| Ong Beng Chye | – | – | – | 100 | 100 |
| Marcus Woon | – | – | – | 100 | 100 |
| Chan Jer Hiang | – | – | – | 100 | 100 |

The fees paid to Independent Directors comprised a basic fee, a fee for chairing a Board Committee and a fee for being a member of the Board Committees. The RC has recommended that the Independent Directors be paid Directors' fees of S$120,000 in aggregate for the financial year ending 31 December 2023 ("**FY2023**"), which are to be paid half yearly in arrears and will be tabled at the forthcoming AGM for approval by Shareholders.

The Company had only three (3) key management personnel (who are not Directors) in FY2022. A breakdown showing the remuneration band and mix of each of the key management personnel's remuneration for FY2022 is as follows:

| **Remuneration band**[(1)] | **Salary (%)** | **Allowance and CPF (%)** | **Variable or performance-related bonus (%)** | **Other benefits (%)** | **Total (%)** |
|---|---|---|---|---|---|
| **Below S$250,000** | | | | | |
| Gan Wan Ni | 84 | 9 | 7 | – | 100 |
| Low Choo Khee | 78 | 14 | 8 | – | 100 |
| Zhang Liangliang | 76 | 10 | 14 | – | 100 |

**Note:**

(1) Given the size of the Group's operations, the executive officers are the only key management personnel of the Group, excluding the Executive Directors.

The total remuneration paid to key management personnel of the Group (who are not Directors or the CEO of the Company) in FY2022 amounted to S$571,833.

The above remuneration of the Directors and key management personnel for FY2022 has been approved by the Board.

During FY2022, there were no termination nor post-employment benefits granted to the Directors, the CEO and the key management personnel.

The Company does not have any employee share scheme.

# CORPORATE GOVERNANCE REPORT

### Remuneration of related employees

A breakdown showing the remuneration band and mix of each employee who is a substantial Shareholder or an immediate family member of a Director, the CEO and/or a substantial Shareholder and whose remuneration exceeds S$100,000 during the year, based on their annual remuneration as at the date of this Report, is as follows:

| Name of Employee | Designation | Relationship | Salary (%) | Allowance and CPF (%) | Variable or performance related bonus (%) | Other benefits (%) | Total (%) |
|---|---|---|---|---|---|---|---|
| **S$100,000 to S$199,999** | | | | | | | |
| Pow Pei San (Bao Peishan) | Part Time Consultant of Digo Corporation Pte. Ltd. (“**Digo Corporation**”)<br><br>Director of Kontourz Pte. Ltd. (“**Kontourz**”) and Digo Building Construction Pte. Ltd. (“**Digo Building**”)[1] | Spouse of Mr. Low Siong Yong | 87 | 13 | – | – | 100 |
| Cheng Chew Hun | Part Time Consultant of Digo Corporation<br><br>Director of Kontourz and Digo Building[2] | Spouse of Mr. Tai Yoon On | 87 | 13 | – | – | 100 |
| Tai Voon Sing | Project Director of Digo Corporation and Kontourz<br><br>Director of Alpina Energy Pte Ltd | Sibling of Mr. Tai Yoon On | 72 | 14 | 14 | – | 100 |
| Tai Yung Wei | Senior Project Manager of Digo Corporation and Kontourz | Sibling of Mr. Tai Yoon On | 69 | 14 | 17 | – | 100 |
| Thai Youn Fatt | Senior Project Manager of Digo Corporation, Kontourz and Digo Building | Sibling of Mr. Tai Yoon On | 76 | 24 | – | – | 100 |

**Notes:**

(1) Ms. Pow Pei San (Bao Peishan) has resigned as a director of Kontourz and Digo Building on 1 January 2023.

(2) Ms. Cheng Chew Hun has resigned as a director of Kontourz and Digo Building on 1 January 2023.

Save as disclosed above, there is no other employee who is a substantial Shareholder of the Company or an immediate family member of a Director, the CEO or a substantial Shareholder of the Company and whose annual remuneration exceeded S$100,000 in FY2022.

# **CORPORATE** GOVERNANCE REPORT

***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 determines the nature and extent of significant risks**

One of the Board's principal duties is to protect and enhance long-term value and the returns to Shareholders. The accountability of the Board to the Shareholders is demonstrated through the presentation of the periodic financial statements as well as the announcement of significant corporate developments and activities in a timely manner so that the Shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The management presents to the AC the half-yearly and full-year financial results for their review and recommendation to the Board for approval. The Board reviews the results and if deemed fit, approves the results and authorises the release via SGXNet.

Risk Management

Risk analysis and management is undertaken within the Group as a necessary element of sustaining and growing the Group's competitive advantage and business. The Board has assessed and decided not to establish a separate Board Risk Committee to assist the Board in overseeing the Group's risk management framework and policies. Instead, this responsibility is assumed by the AC. In addition to assisting the Board in overseeing risk management in the Group, the AC is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls, including financial, operational, compliance and information technology controls and reports to the Board its observations and recommendations on such matters as it considers necessary.

The Company has in place an enterprise risk management ("**ERM**") framework which includes a set of processes to ensure that the Group is aware of, and attends to, current and emerging risks. The management is expected to constantly review the business operations and environment to identify significant risks and ensure that mitigating measures, including preventive controls and detective and corrective measures, are promptly implemented to address these risks. These significant risks and mitigating measures, taken together with the risk owners and action plans to address any gaps, are documented in a risk register.

The AC, with the assistance of the internal and external auditors, annually reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The internal auditors, Baker Tilly Consultancy (Singapore) Pte Ltd, have carried out internal audit according to standards set out by the Institute of Internal Auditors on the system of internal controls and reported the findings to the AC. The external auditors, Mazars LLP, have also, in the course of their statutory audit, gained an understanding of the key internal accounting controls assessed to be relevant to the statutory audit. In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audit processes.

# CORPORATE GOVERNANCE REPORT

**Assurance from the CEO and Chief Financial Officer ("CFO")**

Internal Controls

The Board recognizes the importance of maintaining a sound system of internal controls to safeguard Shareholders' interests and investments and the Group's assets. The Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. As such, the Company's risk management and internal controls systems are regularly evaluated and enhanced where prudent to ensure their adequacy, effectiveness and relevance to the Company's operations.

The Board has received assurance from the CEO and the 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

– the Group's risk management and internal control systems are adequate and effective.

Based on the risk management and internal controls systems established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the management, various Board Committees and the Board, and the written assurance from the CEO and the CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (addressing key financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2022. The Group will review its internal control systems and processes on an on-going basis and make further improvements when necessary.

***AUDIT COMMITTEE***

***Principle 10: The Board has an AC which discharges its duties objectively.***

**Composition of AC and Terms of Reference of AC**

As at the date of this Report, all members of the AC, including the Chairman, are independent. The Board considers Mr. Marcus Woon, a fellow member with the Association of Chartered Certified Accountants and who has extensive and practical financial knowledge and experience, well-qualified to chair the AC. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the duties and responsibilities of the AC. No former partner or director of the external auditors and the internal auditors is a member of the AC.

The AC's responsibilities, as set out in its terms of reference, include the following

(a) assisting the Board in the discharge of its responsibilities on financial reporting matters;

(b) reviewing, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits compiled by the internal and external auditors, and reviewing at regular intervals with the management the implementation by the Group of the internal control recommendations made by the internal and external auditors;

(c) reviewing the half year and full year financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements, and concerns and issues arising from the audits, including any matters which the auditors may wish to discuss in the absence of our management, where necessary;

# **CORPORATE** GOVERNANCE REPORT

(d) reviewing the independence and objectivity of the internal and external auditors as well as the appointment or re-appointment of the internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors of the internal and external auditors and ensuring the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by internationally recognised professional bodies, where applicable;

(e) commissioning and reviewing the findings of any internal investigation into, and discussing with the internal and external auditors on, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and our management's response;

(f) reviewing significant financial reporting issues and judgments with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before their submission to the Board;

(g) reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems and discussing issues and concerns, if any, arising from internal audits;

(h) reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;

(i) reviewing any potential conflicts of interest and setting out a framework to resolve or mitigate any potential conflicts of interest;

(j) reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders and proposing, where appropriate, the relevant measures for the management of such conflicts;

(k) reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group (if any) and conducting periodic reviews of foreign exchange transactions and hedging policies and procedures;

(l) reviewing our cash management processes;

(m) monitoring the implementation of a policy and procedures for sustainability reporting;

(n) undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;

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

(p) generally undertaking such other functions and duties as may be required by statute or the Catalist Rules or as recommended by the Code, and by such amendments made thereto from time to time;

(q) reviewing the procedures and policies put in place to ensure compliance with various laws and regulations, including all laws and regulations under the Companies Act, at least annually, to ensure that such procedures and policies are commensurate with the Group's operations and expansion plans from time to time and with a view to ensuring that adequate rectification measures are taken for past breaches as well as new initiatives implemented to mitigate and reduce the risks of future breaches;

# CORPORATE GOVERNANCE REPORT

(r) reviewing the Group's key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, with the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNet;

(s) reviewing the risk profile of the Group and the appropriate steps to be taken to mitigate and manage risks to keep our risk profile at an acceptable level as determined by the Board;

(t) meeting with the internal and external auditors, and in each case without the presence of the management, at least annually and reviewing the co-operation given by the management to the internal and external auditors, where applicable;

(u) where applicable, ensuring that the internal audit function has unfettered access to all our Group's documents, records, properties and personnel, including the AC, and has appropriate standing within the Group;

(v) reviewing the procedures by which employees of the Group may, in confidence, report to the chairman of the AC possible improprieties in matters of financial reporting or other matters, and ensuring that there are arrangements in place for the receipt, retention and treatment of complaints received by the Group (including criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group), and any independent investigation thereof and follow-up actions thereto;

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

(x) appraising the performance of the CFO on an annual basis;

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

(z) monitoring the use of the proceeds raised by the Company from the Listing.

The AC is authorised to investigate any matter within its terms of reference, and has full access to, and co-operation of, the management. The AC has full discretion to invite any Director, executive officer or management personnel to attend its meetings and has access to reasonable resources, including independent professional advice, to enable it to discharge its functions.

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of the external auditors. The aggregate amount of fees paid/payable to the external auditors, Mazars LLP, for audit services for FY2022 is S$170,000 and no non-audit services were rendered by Mazars LLP during/for FY2022. The AC, having reviewed the scope and value of the audit and non-audit services provided by the external auditors, is satisfied that the independence and objectivity of the external auditors is not impaired.

In recommending the re-appointment of Mazars LLP as the Company's external auditors for FY2023, the AC considered the adequacy of their resources, training and quality control, experience of the engagement team and the firm as a whole and quality of work carried out by the external auditors.

# CORPORATE GOVERNANCE REPORT

**Internal audit function**

The Company has outsourced its internal audit function to Baker Tilly Consultancy (Singapore) Pte. Ltd., a corporate member of the Institute of Internal Auditors Singapore. The primary reporting line of the internal auditors is to the AC on any material non-compliance and internal control weaknesses identified in the course of audit. The hiring, removal and evaluation of the internal auditors and compensation to be paid to them is recommended by the AC and approved by the Board.

The internal auditors have unrestricted access to the Company's documents, records, properties and personnel. The internal audit team is staffed with personnel with relevant qualifications (such as Chartered Accountant of Singapore and Certified Internal Auditor designations) and experience. The internal auditors carry out their work in line with International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC reviews the adequacy and effectiveness of the internal audit function at least on an annual basis, and as and when the situation calls for it. The AC has reviewed the independence, adequacy and effectiveness of the Company's internal audit function and is satisfied that the internal auditors are independent, effective, have adequate resources to perform its functions and have appropriate standing within the Group.

**AC meets with the auditors without the presence of management annually**

The AC endeavours to meet at least once a year with the external and internal auditors without the presence of the management so that any concern and/or issue can be raised directly and privately. In FY2022, the AC has met with the external and internal auditors twice without the presence of the management.

**Significant accounting matters**

In its review of the Company's financial statements for FY2022, the AC has discussed with the management the significant accounting principles that were applied and their judgement of items that might affect the accuracy and completeness of the financial statements.

The key audit matters were discussed between the management and the external auditors and were reviewed by the AC. Please refer to page 46 of this annual report for the key audit matters identified for FY2022.

**Whistle-blowing policy**

During FY2022, the Company had in place a whistle-blowing policy and procedures for employees of the Group and other persons to raise concerns about possible improprieties in matters of financial reporting, fraudulent behaviour and other significant matters directly to the AC. The AC is responsible for overseeing and monitoring whistle-blowing reports and such policies and procedures. According to the Company's whistle-blowing policy, whistle-blowers shall be protected from detrimental or unfair treatment and the identity of the whistle-blower and the concern raised will be treated with the strictest confidentiality. All whistle-blowing reports will be attended to and thoroughly dealt with as deemed necessary, taking into consideration the seriousness and credibility of the issue raised, whether the allegation can be and is confirmed from attributable sources and information provided, and the outcome of investigations, if commenced or commissioned. Our whistle-blowing policy is disseminated to employees of the Group.

Possible improprieties such as suspected fraud, corruption, dishonest practices and other significant matters can be reported via postal mail and email to the Chairman of the AC at AlpinaACC@gmail.com.

In FY2022, no matter was raised through the Group's whistle-blowing channels.

# CORPORATE GOVERNANCE REPORT

***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.***

**Opportunity to participate effectively and vote at general meetings**

The Board ensures that Shareholders are treated fairly and equitably. All material information which would likely affect the price or value of the Company's shares shall be disclosed adequately and in a timely manner. Presentations and information to Shareholders or investors will be made available on SGXNet and the Company's website.

In presenting the Group's financial results to Shareholders, it is the aim of the Board to provide Shareholders with a balanced and understandable assessment of the Company's performance, financial position and prospects.

The Company's principal form of dialogue with Shareholders takes place at general meetings. Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. Notices of general meetings are dispatched to Shareholders, together with the annual report and/or circulars within the notice periods prescribed by the relevant regulations. Where necessary, additional explanatory notes are provided for certain resolutions to be tabled at general meetings to enable Shareholders to exercise their vote on an informed basis. The Company strives to hold general meetings at venues which are accessible to Shareholders and provide Shareholders with the opportunity to voice their views and direct their questions regarding the Group to the Board.

Shareholders will also be briefed during or prior to the general meetings on voting procedures applicable at the general meetings. Voting procedures are also documented in the notices of general meetings disseminated to Shareholders via SGXNet and our website.

All notices of general meetings contain instructions to Shareholders on:

(i) how they may access any documents or information relating to the business of the general meeting;

(ii) how they may submit their questions ahead of the meeting, the timeframe for submission of questions and how the substantial and relevant questions will be responded to prior to/at the meeting; and

(iii) how they may cast their votes, including specific instruction to investors who hold Shares under the Central Provident Fund Investment Scheme ("**CPF Investors**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (where applicable).

**Separate resolution on each substantially separate issue**

The Board notes that the best practice is to table separate resolutions for each substantially separate issue. The Company shall avoid 'bundling' resolutions unless the resolutions are interdependent and linked as one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

# **CORPORATE** GOVERNANCE REPORT

**All Directors attend general meetings**

All Directors and the relevant key management personnel attend general meetings to address Shareholders' queries and receive feedback from Shareholders.

The external auditors of the Company are also requested to attend the AGMs so that they may assist in addressing queries from the Shareholders relating to the conduct of the audit and the preparation and content of the independent auditor's report.

The Chairman of the general meeting will facilitate constructive dialogue between Shareholders and the Board, management, external auditors and other relevant professionals.

**The Constitution allows for absentia voting of Shareholders**

The Constitution allows all Shareholders to appoint not more than two (2) proxies to attend and vote on their behalf and also provides that a proxy need not be a Shareholder. A relevant intermediary (as defined in Section 181 of the Companies Act) may appoint more than two (2) proxies to participate in Shareholders' meetings. CPF Investors and SRS Investors may attend and cast their vote(s) at the general meetings in person if they are appointed as proxy of their respective agents, including SRS operators and CPF agent banks. CPF and SRS Investors should, in addition to pre-registering, approach their respective agents as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM or the appointment of the Chairman to act as their proxy.

The Constitution permits voting in absentia only by appointment of proxy. As the authenticity of Shareholders' identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

To minimise physical interactions and COVID-19 transmission risks, the Company had conducted the AGM held on 27 June 2022 via electronic means pursuant to the alternative arrangements for the conduct of meetings contained in the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements such as "live" audio-visual webcast or "live" audio-only stream, submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions before and/or during the AGM and appointing the Chairman of the AGM as the proxy at the AGM, were made available.

With the easing of COVID-19 restrictions, including alternative arrangements for the conduct of meeting holding of physical AGMs, the forthcoming AGM to be held on 27 April 2023 will be held in a physical format and all Directors will be present physically at the designated location for convening of the AGM. Shareholders and members of the Company may refer to the Notice of AGM announced by the Company on SGXNet on the date of this annual report for the guidelines and information on the forthcoming AGM.

**Minutes of general meetings**

All resolutions proposed at general meetings shall be put to vote by way of a poll. All votes cast for or against each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes (and respective percentages of such votes) cast for and against each resolution will be released to Shareholders and the public via SGXNet after the general meetings. Minutes of general meetings shall include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board and the relevant key management personnel.

The minutes of the forthcoming AGM to be held on 27 April 2023 will be published on SGXNet and the Company's website within one (1) month after the date of the AGM.

# CORPORATE GOVERNANCE REPORT

**Dividend policy**

Currently, the Company does not have a formal dividend policy. The Board will consider establishing a divided policy when appropriate. In considering the payment of dividend, the Board shall consider factors such as the Group's profits, cash flows, working capital and capital expenditure requirements, investment plans and other factors as the Board may deem appropriate. As set out in the section entitled "Dividend Policy" of the Offer Document, the Directors intend to recommend and distribute dividends of a minimum of 50 per cent. of the Group's profit attributable to equity holders of the Company in respect of FY2022 and FY2023.

The Board is hence pleased to recommend a final tax exempt (one-tier) dividend of 0.1085 Singapore cents per share for FY2022 which is subject to Shareholders' approval at the forthcoming AGM to be held on 27 April 2023.

***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.***

**Avenues for communication between the Board and Shareholders**

The Company strives for timeliness and consistency in its disclosures to Shareholders. It is the Company's policy to keep all Shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable. Shareholders are provided with an update on the Group's performance, financial position and prospects through the Company's annual report.

The Company's half year and full year results announcements, corporate presentations, announcements and press releases are issued via SGXNet. Shareholders have access to information on the Group via the Company's website. The Company discloses all material information as early as practicable to all Shareholders.

Shareholders are given the opportunity to pose questions to the Board or the management at the general meetings. The members of the AC, NC and RC will be present at the general meetings to answer questions relating to matters overseen by the respective committees.

**Investor relations policy**

The Company currently does not have an investor relations policy but considers advice from corporate lawyers and professionals that it engages from time to time on appropriate disclosure requirements before announcing material information to the Shareholders. The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Catalist Rules and the Companies Act, the Board's policy is that all Shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Disclosure of information is made through announcements released to the SGX-ST, the Company's annual reports, circulars, press releases, as well as on the Company's website which has a dedicated investor relations section.

Shareholders and investors can also contact the Company via the email address enquiry@alpinaholdings.com.sg which has been designated as a channel to facilitate regular and effective communication. The Company endeavours to respond to Shareholders' queries promptly.

# **CORPORATE** GOVERNANCE REPORT

***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.***

**Managing stakeholders' relationships**

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 endeavours to communicate effectively and regularly with its stakeholders. The engagement with material stakeholder groups, including key area of focus and engagement channels, during the year are as set out in the Company's sustainability report published on the SGXNet on the same date as this Report.

**Corporate website to engage stakeholders**

Stakeholders who wish to know more about the Group and its business can visit the Company's website (https://alpinaholdings.com.sg/). The Company's website includes a dedicated section on investor relations where the Group's latest financial results, annual report, sustainability report, SGXNet announcements, group structure, key policies and investor relations contacts are disclosed.

**DEALINGS IN SECURITIES**

Pursuant to Rule 1204(19) of the Catalist Rules, the Company has put in place a policy on dealings in the Company's securities by the Directors, officers and employees of the Company and its subsidiaries.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. All Directors, officers and employees of the Group are not allowed to deal in the Company's shares during the periods commencing one (1) month before the announcement of the Company's half-year and full year financial statements and ending on the date of the announcement of the relevant results.

The Company's officers and employee are also advised to observe insider trading laws at all times. Directors are required to report all dealings in securities to the Company Secretaries.

The Board confirms that, as at the date of this Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

**INTERESTED PERSON TRANSACTIONS ("IPTs")**

The Group has adopted a policy in respect of any IPTs and requires all such transactions to be at arm's length, on normal commercial terms and not prejudicial to the Company and its minority Shareholders. All IPTs are documented and submitted periodically to the AC for their review.

The Group has also obtained a general mandate from Shareholders ("**Shareholders' Mandate**") for the purchase of electrical components, lighting equipment and related spare parts from Accentury Pte. Ltd. ("**Accentury**"). Accentury's shareholders are Ms. Pow Pei San (Ms. Bao Peishan) and Ms. Cheng Chew Hun, who are the spouses of Mr. Low Siong Yong and Mr. Tai Yoon On, and who hold 55.0% and 45.0% of the issued and paid-up shares of Accentury, on trust for Mr. Low Siong Yong and Mr. Tai Yoon On respectively. The Company will be seeking Shareholders' approval for the renewal of the Shareholders' Mandate at the forthcoming AGM.

# CORPORATE GOVERNANCE REPORT

Save as disclosed in the table below, there were no other IPTs conducted which exceeded S$100,000 in value in FY2022.

| Name of interested person | Nature of relationship | Aggregate value of all interested person transactions during FY2022 (excluding transactions less than S$100,000 and transactions conducted under the Shareholders' Mandate) | Aggregate value of all interested person transactions conducted under the Shareholders' Mandate during FY2022 (excluding transactions less than S$100,000) |
|---|---|---|---|
| Accentury | Refer to description above | – | S$107,000 |

**MATERIAL CONTRACTS**

Save as disclosed in the section entitled "Interested Person Transactions" of this Report and the following contracts, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling Shareholder which are either still subsisting at the end of FY2022 or, if not then subsisting, entered into since the end of FY2021:

(a) the Service Agreements, details of which are set out in the section entitled "Directors, Executive Officers – Service Agreements" of the Offer Document;

(b) the lease for the Group's property located at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118 for a term of 19 years from 23 May 2019 to 22 May 2038 entered into between JTC Corporation and Digo Corporation;

(c) the joint venture agreement dated 17 May 2022 entered into between Digo Corporation and Terrenus Energy Pte. Ltd. ("**Terrenus Energy**") in relation to the incorporation and establishment of a joint venture company in Singapore ("**JV Company**") to undertake the joint award of the sixth solar leasing tender by the Housing & Development Board; and

(d) the conditional put and call option dated 17 May 2022 entered into between Digo Corporation and Terrenus Energy to regulate certain put and call option arrangements in relation to the shares in the JV Company to be held by Digo Corporation.

**NON-SPONSOR FEES**

During FY2022, fees amounting to S$367,200 (before applicable goods and services tax), being the aggregate of the placement commission and receiving bank fee in connection with the Listing, were paid to the Company's sponsor, United Overseas Bank Limited ("**UOB**"). Save as disclosed, with reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to UOB in FY2022.

# **CORPORATE** GOVERNANCE REPORT

## USE OF IPO PROCEEDS

Pursuant to the initial public offering on 28 January 2022, the Company received gross proceeds of approximately S$9.9 million from the Listing ("**IPO Proceeds**"). As at the date of this Report, the IPO Proceeds have been utilised as follows:

| | Amount allocated (as disclosed in the Offer Document) S$'000 | Amount utilised as at the date of this annual report S$'000 | Balance as at the date of this annual report SS$'000 |
|---|---|---|---|
| Expanding existing business | 3,000 | – | 3,000 |
| Strengthening and accelerating the extension of IFM services | 2,500 | – | 2,500 |
| General working capital[1] | 2,591 | 107 | 2,484 |
| Payment of listing and application fees, professional fees, placement commissions and miscellaneous expenses[2] | 1,829 | 1,809 | 20 |
| **Total** | **9,920** | **1,916** | **8,004** |

**Notes:**

(1) The amount utilised for general working capital purposes as at the date of this annual report were mainly for professional fees.

(2) The amount utilised as at the date of this annual report refer to the expenses billed and paid to date.

The utilisation of the IPO Proceeds is in line with the intended use and allocation of the IPO Proceeds as set out in the Offer Document.

# DIRECTORS' STATEMENT

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

## 1. Opinion of the directors

In the opinion of the directors,

(i) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(ii) 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.

## 2. Directors

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

Low Siong Yong
Tai Yoon On
Ong Beng Chye
Chan Jer Hiang
Own Seak Chin @ Woon Seak Chin ("Marcus Woon")

## 3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the 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, except as disclosed in paragraphs 4 and 5 below.

## 4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

| | Number of ordinary shares | |
|---|---|---|
| | Deemed interests | |
| **Name of directors and companies in which interest are held** | **As at 1 January 2022** | **As at 31 December 2022** |
| **Ultimate parent companies** | | |
| *Skky Investments Pte. Ltd.* | | |
| - Low Siong Yong | 55 | 81,037,000 |
| *Lezo Holdings Pte. Ltd.* | | |
| - Tai Yoon On | 45 | 66,303,000 |

By virtue of Section 7 of the Act, Low Siong Yong and Tai Yoon On are deemed to have an interest in all the related body corporates of the Company.

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

# DIRECTORS' STATEMENT

## 5. Share options

There were no share options granted by the Group during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Group.

There were no unissued shares under options in the Group as at the end of the financial year.

## 6. Audit committee

The members of the Audit Committee at the date of this report are as follows:

| | |
|---|---|
| Marcus Woon | (Chairman of the Audit Committee and independent director) |
| Ong Beng Chye | (Independent director) |
| Chan Jer Hiang | (Independent director) |

The Audit Committee has convened one meeting during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

(i) reviewed the audit plan and results of the external audit, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group;
(ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
(iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;
(iv) reviewed the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
(v) reviewed and assessed the adequacy of the Group's risk management processes;
(vi) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
(vii) reviewed interested person transactions in accordance with SGX listing rules;
(viii) reviewed the nomination of external auditors and gave approval of their compensation; and
(ix) submitted of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

# **DIRECTORS'** STATEMENT

**7. Auditors**

The auditors, Mazars LLP, have expressed willingness to accept re-appointment.

On behalf of the directors

**Low Siong Yong**
Director

**Tai Yoon On**
Director

Singapore
5 April 2023

# **INDEPENDENT** AUDITORS' REPORT

TO THE MEMBERS OF ALPINA HOLDINGS LIMITED

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the consolidated financial statements of Alpina Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 110.

In our opinion, the accompanying 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 financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

*Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *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 ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "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 of our opinion.

*Overview*

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified 3 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

All significant components were audited by Mazars LLP, Singapore.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALPINA HOLDINGS LIMITED

**Report on the Audit of the Financial Statements (Continued)**

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

*Key Audit Matter*

Key audit matter is those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. This matter was 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 this matter.

<table>
<tr><td colspan="2">Expected credit losses ("ECL") on trade receivables and contract assets<br>Refer to Note 3 for critical accounting judgements and key sources of estimation uncertainty, Note 12 (Trade and other receivables) and Note 30 (Financial instruments and financial risks) for disclosures relating to the loss allowances for trade receivables and contract assets.</td></tr>
<tr><td>Key audit matter</td><td>Our audit response</td></tr>
<tr><td>The carrying amounts of the Group's trade receivables and contract assets as at 31 December 2022 were approximately $4,079,000 (2021: $5,621,000) and $18,632,000 (2021: $14,565,000) respectively.<br><br>Consequent to the adoption of SFRS(I) 9 Financial Instruments ("SFRS(I) 9"), the Group used an allowance matrix to estimate the ECL for trade receivables and contract assets. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, adjusted for forward looking factors, including specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables and contract assets.<br><br>As the determination of the ECL requires significant judgement and estimation of management and in consideration of the significance of trade receivables and contract assets in the Group, we consider management's assessment and application of SFRS(I) 9 to the impairment of trade receivables and contract assets as a key audit matter.</td><td>Our audit procedures included, and were not limited to, the following:<br><br>▪ Obtained an understanding of the Group's consideration of SFRS(I) 9 in their application of the corresponding requirements and assessed the appropriateness thereof;<br><br>▪ Assessed the reasonableness of the provision matrix applied by the Group in their measurement of ECL for trade receivables and contract assets;<br><br>▪ Assessed and where found necessary, critically challenged judgements and estimates used by management in measuring the ECL of trade receivables and contract assets; and<br><br>▪ Reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.</td></tr>
</table>

# **INDEPENDENT** AUDITORS' REPORT



**Report on the Audit of the Financial Statements (Continued)**

*Other information*

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this report, 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 these financial statements that give a true and fair view in accordance with the provision of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALPINA HOLDINGS LIMITED

**Report on the Audit of the Financial Statements (Continued)**

*Auditors' Responsibilities for the Audit of the Financial Statements* (Continued)

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

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

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

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

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

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

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

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

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

# **INDEPENDENT** AUDITORS' REPORT

TO THE MEMBERS OF ALPINA HOLDINGS LIMITED

**Report on the Audit of the Financial Statements (Continued)**

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

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary entities incorporated in Singapore of which we are 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 Chen Ningxin, Narissa.

**Mazars LLP**
Public Accountants and
Chartered Accountants

Singapore
5 April 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|---|
| Revenue | 5 | 49,888 | 51,890 |
| Cost of sales | | (43,001) | (39,018) |
| **Gross profits** | | 6,887 | 12,872 |
| Other income | 6 | 1,178 | 3,390 |
| Distribution costs | | (32) | (47) |
| Administrative expenses | | (4,850) | (5,029) |
| Loss allowance on financial assets and contract assets | | (284) | (88) |
| Finance costs | 7 | (267) | (382) |
| **Profit before income tax** | 8 | 2,632 | 10,716 |
| Income tax expense | 9 | (596) | (1,432) |
| **Profit for the financial year, representing total comprehensive income for the financial year, attributable to owners of the Company** | | 2,036 | 9,284 |
| **Earnings per share attributable to owners of the Company** | | | |
| Basic and diluted (cents per share) | 10 | 1.10 | 6.09 |

*The accompanying notes from an integral part of and should be read in conjunction with these financial statements*

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

| | Note | Group 2022 $'000 | Group 2021 $'000 | Company 2022 $'000 | Company 2021 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | 11 | 12,158 | 2,261 | 7,666 | -* |
| Trade and other receivables | 12 | 5,168 | 7,012 | 604 | 211 |
| Dividend receivable | 13 | - | - | 1,600 | - |
| Contract assets | 14 | 18,632 | 14,565 | - | - |
| Inventories | 15 | 1,032 | 864 | - | - |
| | | 36,990 | 24,702 | 9,870 | 211 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 16 | 8,666 | 9,735 | 74 | - |
| Right-of-use assets | 23 | 697 | 722 | - | - |
| Deferred tax assets | 24 | 539 | - | - | - |
| Investment property | 17 | - | - | - | - |
| Investment in subsidiaries | 19 | - | - | 12,695 | - |
| Investment in a joint venture | 18 | - | - | - | - |
| Other investment | 20 | 387 | - | - | - |
| | | 10,289 | 10,457 | 12,769 | - |
| **Total assets** | | 47,279 | 35,159 | 22,639 | 211 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 21 | 9,537 | 8,310 | 299 | 1,190 |
| Contract liability | 14 | 253 | 350 | - | - |
| Borrowings | 22 | 4,198 | 3,408 | 14 | - |
| Lease liabilities | 23 | 47 | 49 | - | - |
| Income tax payable | | 365 | 633 | 19 | - |
| | | 14,400 | 12,750 | 332 | 1,190 |
| **Non-current liabilities** | | | | | |
| Borrowings | 22 | 4,132 | 3,602 | 47 | - |
| Lease liabilities | 23 | 707 | 716 | - | - |
| Deferred tax liabilities | 24 | 5 | 112 | 1 | - |
| | | 4,844 | 4,430 | 48 | - |
| **Capital and reserves** | | | | | |
| Share capital | 25 | 22,015 | 3,350 | 22,015 | -* |
| Merger reserve | | (9,345) | - | - | - |
| Accumulated profits/(loss) | | 15,365 | 14,629 | 244 | (979) |
| Total equity/(capital deficiency) | | 28,035 | 17,979 | 22,259 | (979) |
| **Total liabilities and equity** | | 47,279 | 35,159 | 22,639 | 211 |

* Denotes amount less than $1,000

*The accompanying notes from an integral part of and should be read in conjunction with these financial statements*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

| Group | Share capital[1] $'000 | Merger reserve[2] $'000 | Accumulated profits $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Balance at 1 January 2021** | 3,350 | - | 9,345 | 12,695 |
| Profit for the year, representing total comprehensive income for the year | - | - | 9,284 | 9,284 |
| Dividends paid (Note 26) | - | - | (4,000) | (4,000) |
| **Balance at 31 December 2021** | 3,350 | - | 14,629 | 17,979 |
| Profit for the year, representing total comprehensive income for the year | - | - | 2,036 | 2,036 |
| Issuance of new shares pursuant to the Restructuring Exercise (Note 25) | 12,695 | - | - | 12,695 |
| Issuance of new shares pursuant to the Initial Public Offering ("IPO") (Note 25) | 9,920 | - | - | 9,920 |
| Adjustments pursuant to the Restructuring Exercise (Note 25) | (3,350) | (9,345) | - | (12,695) |
| Share issue expenses (Note 25) | (600) | - | - | (600) |
| Dividends paid (Note 26) | - | - | (1,300) | (1,300) |
| **Balance at 31 December 2022** | 22,015 | (9,345) | 15,365 | 28,035 |

**Notes:**

(1) Share capital represents the aggregate amount of issued and paid-up share capital of the companies making up the Group less consideration paid to acquire the relevant interest (if any).

(2) The merger reserve arose as and when the restructuring took place, it comprises the difference between the consideration paid and the nominal value of shares acquired in Digo Corporation Pte. Ltd., Kontourz Pte. Ltd., and Digo Building Construction Pte. Ltd..

*The accompanying notes from an integral part of and should be read in conjunction with these financial statements*

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before income tax | | 2,632 | 10,716 |
| | | | |
| Adjustments for: | | | |
| - Depreciation of property, plant and equipment | 16 | 1,566 | 1,274 |
| - Depreciation of investment property | 17 | - | 17 |
| - Depreciation of right-of-use assets | 23 | 63 | 62 |
| - Interest expense | 7 | 267 | 382 |
| - Interest income | 6 | (98) | (2) |
| - Fair value gain arising from unquoted equity instruments held at fair value through profit or loss ("FVTPL") | | (387) | - |
| - Changes in allowance on trade receivables | | (43) | 74 |
| - Changes in allowance on contract assets | 14 | 327 | - |
| - Write off of contract assets | | - | 14 |
| - Gain on disposal of investment property | | - | (30) |
| - Gain on termination of lease liabilities | | (5) | - |
| - Gain on disposal of property, plant and equipment | | (9) | (3,174) |
| | | | |
| Operating cash flows before movements in working capital | | 4,313 | 9,333 |
| | | | |
| Changes in working capital: | | | |
| - Trade receivables | 12 | 1,585 | 463 |
| - Other receivables | 12 | 302 | 58 |
| - Inventories | 15 | (168) | 128 |
| - Trade payables | 21 | 1,024 | (1,080) |
| - Other payables | 21 | 203 | (1,446) |
| - Contract assets/liability | 14 | (4,491) | (1,526) |
| - Amount due from directors | | - | (119) |
| | | | |
| Cash generated from operations | | 2,768 | 5,811 |
| - Tax paid | | (1,510) | (1,156) |
| | | | |
| Net cash generated from operating activities | | 1,258 | 4,655 |
| | | | |
| **Investing activities** | | | |
| - Interest income | 6 | 98 | 2 |
| - Investment in unquoted equity instruments held at FVTPL | | -* | - |
| - Acquisition of property, plant and equipment | 16 | (347) | (2,365) |
| - Proceeds on disposal of investment property | | - | 750 |
| - Proceeds on disposal of property, plant and equipment | | 26 | 5,084 |
| | | | |
| Net cash (used in)/generated from investing activities | | (223) | 3,471 |

* Denotes amount less than $1,000

*The accompanying notes from an integral part of and should be read in conjunction with these financial statements*

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Financing activities** | | | |
| - Increase in pledged fixed deposits | 11 | (500) | - |
| - Repayment of lease liabilities | | (89) | (88) |
| - Repayments of borrowings | | (6,519) | (8,792) |
| - Proceeds from borrowings | | 7,672 | 5,752 |
| - Proceeds from issuance of new shares from the IPO | 25 | 9,920 | - |
| - Payment of transaction cost in connection to issuance of shares | 25 | (600) | - |
| - Dividends paid | 26 | (1,300) | (4,000) |
| - Interest paid | 7 | (222) | (340) |
| Net cash generated from/(used in) financing activities | | 8,362 | (7,468) |
| Net increase in cash and cash equivalents | | 9,397 | 658 |
| Cash and cash equivalents at beginning of year | | 2,261 | 1,603 |
| Cash and cash equivalents at the end of the year | 11 | 11,658 | 2,261 |

**Reconciliation of asset/liabilities arising from financing activities:**

| | At beginning of financial year $'000 | Financing cash flows $'000 | Non-cash movements: Acquisition of plant and equipment $'000 | Non-cash movements: Interest expense $'000 | Non-cash movements: Others $'000 | At end of financial year $'000 |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| **Asset** | | | | | | |
| Pledged fixed deposits | - | 500 | - | - | - | 500 |

| | At beginning of financial year $'000 | Financing cash flows[(1)] $'000 | Non-cash movements: Acquisition of plant and equipment $'000 | Non-cash movements: Interest expense $'000 | Non-cash movements: Others $'000 | At end of financial year $'000 |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| **Liabilities** | | | | | | |
| Bank borrowings | 7,010 | 931 | 167 | 222 | - | 8,330 |
| Lease liabilities | 765 | (89) | 38 | 45 | (5) | 754 |
| **2021** | | | | | | |
| **Liabilities** | | | | | | |
| Bank borrowings | 9,276 | (3,380) | 774 | 340 | - | 7,010 |
| Lease liabilities | 811 | (88) | - | 42 | - | 765 |

**Note:**

(1) Net of proceeds from borrowings, repayment of borrowings, interest paid and repayment of lease liabilities.

# **NOTES TO** THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

## 1 General

Alpina Holdings Limited (the “Company”) (Registration Number 202138650H) was incorporated on 8 November 2021 and is domiciled in Singapore with its principal place of business and registered office address at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118. The Company was incorporated for the purpose of acquiring the existing operating entities pursuant to the restructuring exercise as disclosed in Note 2 to form a group, comprising the Company and other companies making up the Group.

The principal business activities of the Company are provision of activities of head and regional head office; centralised administrative office and subsidiary management offices, and other holding companies.

The principal activities of the respective subsidiaries are disclosed in Note 19 to the financial statements.

All other companies are incorporated and domiciled in Singapore with its principal place of business and registered office at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118.

The financial statements of the Group for the financial year ended 31 December 2022 were authorised for issue by the board of directors on the date of directors’ statement.

## 2 Restructuring exercise

The Company was incorporated on 8 November 2021 under the name of Alpina Holdings Pte. Ltd.. On incorporation, the issued and paid-up share capital of the Company was $100 comprising 100 ordinary shares.

To consolidate the business activities of the Group, a restructuring exercise was undertaken for the Company to acquire 100% of the equity interests of Digo Corporation Pte. Ltd., Kontourz Pte. Ltd. and Digo Building Construction Pte. Ltd.. The detail of considerations is summarised in Note 2.1, 2.2 and 2.3 which was determined based on the net asset value of the Group as recorded in its audited financial statements as at 31 December 2020.

### 2.1 Acquisition of Digo Building Construction Pte. Ltd. (“DB”)

The Company acquired 100% of the share capital of DB which was incorporated on 26 May 2017 for a consideration of $196,800 which was determined based on the net asset value of DB as at 31 December 2020. The consideration was satisfied by the issue of 196,800 ordinary shares in the capital of the Company to the then shareholders of DB as follows:

| Name | Number of Shares |
|---|---|
| Tai Yoon On (Held in trust by spouse, Cheng Chew Hun) | 382,545 |
| Low Siong Yong (Held in trust by spouse, Pow Pei San) | 467,555 |
| | 850,100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2.2 Acquisition of Digo Corporation Pte. Ltd. ("DC")

The Company acquired 100% of the share capital of DC which was incorporated on 20 December 2003 for a consideration of $11,688,800 which was determined based on the net asset value of DC as at 31 December 2020. The consideration was satisfied by the issue of 11,688,800 ordinary shares in the capital of the Company to the then shareholders of DC as follows:

| Name | Number of Shares |
|---|---|
| Low Siong Yong | 1,100,000 |
| Tai Yoon On | 900,000 |
| | 2,000,000 |

### 2.3 Acquisition of Kontourz Pte. Ltd. ("KT")

The Company acquired 100% of the share capital of KT which was incorporated on 12 October 2007 for a consideration of $809,300 which was determined based on the net asset value of KT as at 31 December 2020. The consideration was satisfied by the issue of 809,300 ordinary shares in the capital of the Company to the then shareholders of KT as follows:

| Name | Number of Shares |
|---|---|
| Tai Yoon On (Held in trust by spouse, Cheng Chew Hun) | 225,000 |
| Low Siong Yong (Held in trust by spouse, Pow Pei San) | 275,000 |
| | 500,000 |

Pursuant to a deed of confirmation of trust executed by Pow Pei San dated 26 October 2021, Pow Pei San confirmed that all her interests in the shares of DB (since 28 December 2017) and KT (since 1 March 2013), were held on trust for and on behalf of her spouse, Low Siong Yong. This amounted to 467,555 shares in DB or approximately 55% of the total issued and paid-up share capital of DB, and 275,000 shares in KT or approximately 55% of the total issued and paid-up share capital of KT.

Pursuant to a deed of confirmation of trust executed by Cheng Chew Hun dated 26 October 2021, Cheng Chew Hun confirmed that all her interests in the shares of DB (since 28 December 2017) and KT (since 1 March 2013), were held on trust for and on behalf of her spouse, Tai Yoon On. This amounted to 382,545 shares in DB or approximately 45% of the total issued and paid-up share capital of DB, and 225,000 shares in KT or approximately 45% of the total issued and paid-up share capital of KT.

The above restructuring exercise is considered to be acquisitions of equity interests by entities under common control and therefore the entities acquired by the Group pursuant to the restructuring have been accounted for in a manner similar to the pooling-of-interests method. Accordingly, the assets and liabilities of these entities have been included in the financial statements of the Group at their historical carrying amounts. Although the restructuring exercise was completed on 18 January 2022, the financial statements of the Group presented the financial condition, results of operations and cash flows of the comparative year as if the restructuring has occurred as of beginning of the earliest period the combined financial statements were prepared. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the restructuring exercise.

**2.4 Sub-division of shares**

On 17 January 2022, the Shareholders approved the sub-division of 12,695,000 shares in the issued and paid-up share capital of the Company into 152,340,000 shares. Following this sub-division, the issued and paid-up share capital of the Company was $12,695,000 comprising 152,340,000 shares.

**3 Summary of significant accounting policies**

**3.1 Basis of preparation**

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) including related Interpretations of SFRS(I)s (“SFRS(I) INTs”) and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar (“$”) which is also the functional currency of each subsidiary within the Group, and all values presented are rounded to the nearest thousand (“$’000”), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I)s INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2022. With the exception of the amendments made to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*, the adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group’s and Company’s accounting policies and has no material effect on the current or prior year’s financial statement and is not expected to have a material effect on future periods.

The adoption of SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* (“SFRS(I) 1-37”) from 1 January 2022 resulted in a change in accounting policy in the assessment of onerous contracts. Before the amendment, the Group only included incremental costs to fulfil a contract when determining whether a contract is onerous. With the amendment, the Group includes both the incremental costs and an allocation of other costs that relate directly to fulfilling contracts when determining whether a contract is onerous.

The amendments are applied on a retrospective basis on contracts for which the Group has not yet fulfilled all its obligations on 1 January 2022. Based on the Group’s assessment, there is no onerous contract identified with the revision of the accounting policy.

# NOTES TO THE FINANCIAL STATEMENTS



**3 Summary of significant accounting policies (Continued)**

**3.1 Basis of preparation (Continued)**

*SFRS (I) and SFRS(I) INT issued but not yet effective*

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

| SFRS (I) | Title | Effective date (annual periods beginning on or after) |
|---|---|---|
| SFRS(I) 10, SFRS(I) 1-28 | Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | To be determined |
| SFRS(I) 1-8 | Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates* | 1 January 2023 |
| SFRS(I) 1-12, SFRS(I) 1 | Amendments to SFRS(I) 1-12: *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* | 1 January 2023 |
| Various | Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* | 1 January 2023 |
| SFRS(I) 16 | Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback* | 1 January 2024 |
| SFRS(I) 1-1 | Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non- current* | 1 January 2024 |
| Various | Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants* | 1 January 2024 |

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

**3.2 Basis of combination**

<u>Common Control Business Combination Outside the Scope of SFRS(I) 3</u>

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of SFRS(I) 3 *Business Combination* ("SFRS(I) 3"). For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, equity changes and cash flows of the combining entities in the combined financial statements.

# **NOTES TO** THE FINANCIAL STATEMENTS



**3 Summary of significant accounting policies (Continued)**

**3.2 Basis of combination (Continued)**

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the combined financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the combined financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

Restructuring reserve represents the differences between the nominal amount of the share capital of the combining entities at the date on which it was acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

The combined financial statements were prepared based on the audited financial statements of subsidiaries which were prepared in accordance with SFRS(I)s for the purpose of combination. The subsidiaries maintain their accounting records and prepare the relevant statutory financial statements in accordance with the Act and SFRS(I)s.

**3.3 Basis of consolidation**

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power, and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**3 Summary of significant accounting policies (Continued)**

**3.3 Basis of consolidation (Continued)**

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

**3.4 Revenue recognition**

Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods or service and that is allocated to that performance obligation. The goods or service is transferred when or as the customer obtains control of the goods or service.

<u>Revenue from contracts with its customers</u>

Revenue is recognised over time, using the output method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group. In the application of the output method, the Group has used surveys of performance completed to date method. In view of the nature of the contract, management considers that this output method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contract with its Customers* ("SFRS(I) 15").

**3 Summary of significant accounting policies (Continued)**

**3.4 Revenue recognition (Continued)**

Revenue from contracts with its customers (Continued)

Revenue is disaggregated into integrated building services ("IBS"), mechanical and electrical ("M&E") and alteration and addition ("A&A").

*IBS*

Includes maintenance, repair and replacement of electrical systems, ACMV, fire prevention and protection systems, security and communication systems, sanitary and plumbing systems and other specialist systems in the buildings, as well as ancillary A&A works.

*M&E*

Includes installation, replacement, removal of components of the mechanical and electrical systems, including LED lighting fixtures, switchboards, lightning protection system, lifts, telephone lines, heat and smoke detectors and fire alarm systems.

*A&A*

Includes civil works and building works.

**3.5 Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

**3.6 Retirement benefits costs**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**3.7 Employee leave entitlements**

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**3 Summary of significant accounting policies (Continued)**

**3.8 Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment property where investment property measured at fair value are presented to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

# **NOTES TO** THE FINANCIAL STATEMENTS



## 3 Summary of significant accounting policies (Continued)

### 3.8 Income tax (Continued)

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

### 3.9 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

### 3.10 Foreign currency transactions and translation

Foreign currency transactions in a currency other than $ (the "functional currency") using the exchange rates prevailing on the dates of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

### 3.11 Property, plant and equipment

Leasehold properties and improvements held for use in the production or supply of goods or services, or for administrative purposes, are shown at cost less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal of restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

# NOTES TO THE FINANCIAL STATEMENTS



**3 Summary of significant accounting policies (Continued)**

**3.11 Property, plant and equipment (Continued)**

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

| | Useful lives |
|---|---|
| Leasehold properties and improvements | 19 years |
| Renovation | 3 years |
| Furniture and fittings | 3 years |
| Motor vehicles | 5 - 10 years |
| Computer | 1 year |
| Office equipment | 3 years |
| Plant and machinery | 3 - 5 years |
| Tools and equipment | 3 years |

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 23.

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

**3.12 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 30 years. The residual values, useful lives and depreciation method of investment property is reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Costs of major renovations and improvements to the investment property are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

Upon its disposal or retirement, the difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss.

**3 Summary of significant accounting policies (Continued)**

**3.13 Investment in a joint venture**

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

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for under SFRS(I) 5 *Non-currrent Assets Held for Sale and Discontinued Operations*, from the date on which the investees become held for sale. Under the equity method, investments in joint ventures are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any accumulated losses of individual investments. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Group's share of losses in a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

**3.14 Impairment of non-financial assets**

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**3 Summary of significant accounting policies (Continued)**

**3.15 Financial instruments**

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

**Financial assets**

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 in Note 3.4.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and FVTPL. The classification at initial recognition depends on the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group’s business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset’s contractual cash flows are solely payments of principal and interest (“SPPI”) on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at FVTPL. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**3 Summary of significant accounting policies (Continued)**

**3.15 Financial instruments (Continued)**

**Financial assets (Continued)**

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirely or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 30.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**3 Summary of significant accounting policies (Continued)**

**3.15 Financial instruments (Continued)**

**Financial assets (Continued)**

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

**Financial liabilities and equity instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

*Ordinary share capital*

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at FVTPL, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities are classified as at FVTPL if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at FVTPL comprise derivatives that are not designated or do not qualify for hedge accounting.

**3 Summary of significant accounting policies (Continued)**

**3.15 Financial instruments (Continued)**

**Financial liabilities and equity instruments (Continued)**

Other financial liabilities

*Trade and other payables*

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

*Borrowings*

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 3.5 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

*Financial guarantee contracts*

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired.

**3.16 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis, comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

# NOTES TO THE FINANCIAL STATEMENTS



**3 Summary of significant accounting policies (Continued)**

**3.17 Contract assets and liabilities**

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on services provided by the Group. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to advance consideration received from certain customers.

**3.18 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and fixed deposits, other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

**3.19 Leases**

At inception of a contract, the Group assessed whether the 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.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16 *Leases*. For these leases, the Group recognises the lease payment as an expense on a straight-line basis over the term of the lease.

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, less any lease incentives received, 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When 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, 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, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

**3 Summary of significant accounting policies (Continued)**

**3.19 Leases (Continued)**

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 lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

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

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset has been reduced to zero.

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**3 Summary of significant accounting policies (Continued)**

**3.20 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

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

**3.21 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Non-monetary government grant is recognised at nominal amount.

**3.22 Contingencies**

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

# **NOTES TO** THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**3 Summary of significant accounting policies (Continued)**

**3.23 Segment reporting**

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

**4 Critical accounting judgements and key sources of estimation uncertainty**

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

**4.1 Critical judgements made in applying the Group's accounting policies**

Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

**4.2 Key sources of estimation uncertainty**

Revenue from contracts with its customers

Revenue is recognised over the period of the contract using the output method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time. The output method recognises revenue on the basis of direct measurements of value to the customer of the work performed to date relative to the remaining work promised under the contract.

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 1 to 19 years. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 31 December 2022 were approximately $8,666,000 (2021: $9,735,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4 Critical accounting judgements and key sources of estimation uncertainty (Continued)**

**4.2 Key sources of estimation uncertainty (Continued)**

Measurement of ECL of trade receivables and contract assets

The Group uses an allowance matrix to measure ECL for trade receivables and contract assets. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the country (i.e. Singapore). The Group adjusts, as necessary, the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables and contract assets as at 31 December 2022 was approximately $2,026,000 (2021: $2,069,000) and $1,966,000 (2021: $1,639,000) respectively.

Provision for income taxes

The Group recognises liabilities expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax as at 31 December 2022 was approximately $365,000 (2021: $633,000).

**5 Revenue**

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Recognised over time | 49,888 | 51,890 |

Geographic market information in relation to revenue of the Group is not presented as the Group's revenue is derived solely from Singapore.

Revenue is disaggregated into integrated building services ("IBS"), mechanical and electrical ("M&E") and alteration and addition ("A&A"). The disaggregation of revenue is disclosed in Note 29.

## 5 Revenue (Continued)

**Transaction price allocated to the remaining performance obligations**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Within one year | 27,361 | 53,755 |
| After one year within five years | 11,516 | 70,842 |
| | 38,877 | 124,597 |

## 6 Other income

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Interest income | 98 | 2 |
| Fair value gain arising from unquoted equity instruments held at FVTPL | 387 | - |
| Gain on disposal of property, plant and equipment | 9 | 3,174 |
| Gain on disposal of investment property (Note 17) | - | 30 |
| Government grants | 406 | 120 |
| Rental income | 203 | - |
| Others | 75 | 64 |
| | 1,178 | 3,390 |

## 7 Finance costs

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Interest on lease liabilities | 45 | 42 |
| Interest on borrowings | 222 | 340 |
| | 267 | 382 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 8 Profit before income tax

In addition to the charges/(credits) disclosed elsewhere in the notes to the financial statements, the following charges/(credits) were included in the determination of profit before income tax:

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Audit fee paid/payable to auditors of the Company | 170 | 150 |
| Under provision of prior year audit fee to other auditors | - | 28 |
| Cost of inventories recognised as an expense | 8,531 | 9,417 |
| Depreciation of property, plant and equipment | 1,566 | 1,274 |
| Depreciation of investment property | - | 17 |
| Depreciation of right-of-use assets | 63 | 62 |
| Directors' remuneration other than fees: | | |
| - Short-term benefits | 1,490 | 756 |
| - Defined contribution plan | 36 | 45 |
| Staff costs: | | |
| - Wages and salaries | 11,732 | 10,877 |
| - Defined contribution plan | 573 | 526 |
| - Other staff costs | 3,129 | 2,629 |
| Subcontractor fees | 16,203 | 13,253 |
| Changes in allowance on trade receivables | (43) | 74 |
| Loss allowance provided for contract assets | 327 | - |
| Fair value gain arising from unquoted equity instruments held at FVTPL | (387) | - |
| Listing expenses | - | 899 |
| Write off of contract assets | - | 14 |

Included in the staff cost are labour costs directly associated with the generation of revenue at approximately $14,353,000 and $12,436,000 for the financial years ended 31 December 2022 and 31 December 2021 respectively.

Included in depreciation of property, plant and equipment directly associated with the generation of revenue at approximately $1,030,000 and $1,067,000 for the financial years ended 31 December 2022 and 31 December 2021 respectively.

## 9 Income tax expense

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Current income tax | | |
| - Current financial year | 729 | 1,402 |
| - Under provision in prior financial years | 513 | - |
| Deferred tax | | |
| - Current financial year (Note 24) | (50) | 30 |
| - Over provision in prior financial years (Note 24) | (596) | - |
| | 596 | 1,432 |

## 9 Income tax expense (Continued)

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2021: 17%).

Reconciliation of effective tax rate is as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Profit before income tax | 2,632 | 10,716 |
| Tax expense at tax rate of 17% | 447 | 1,822 |
| Tax effects of: | | |
| - Income not subject to tax | - | (568) |
| - Expenses not deductible for tax purpose | 154 | 261 |
| - Tax rebate | (51) | (35) |
| - Deferred tax assets not recognised in the income statement | 129 | (49) |
| - Over provision in prior financial years | (83) | - |
| - Others | - | 1 |
| | 596 | 1,432 |

Deferred tax assets of certain companies have not been recognised as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The unrecognised deferred tax assets arise mainly from unutilised tax losses of $1,512,000 (2021: $753,000).

The tax losses are subjected to an agreement by the tax authorities and compliance with tax regulations in the respective country in which the subsidiaries operate.

## 10 Basic and diluted earnings per share

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Profit attributable to the owners of the Company | 2,036 | 9,284 |
| Weighted average number of ordinary shares outstanding for basic and diluted earnings per share (in units) | 184,340,000 | 152,340,000 |
| Basic and diluted earnings per share (cents per share) | 1.10 | 6.09 |

The calculation of basic earnings per share for the financial year ended 31 December 2022 is based on profit attributable to owners of the Company for the financial year ended 31 December 2022 assuming that the placement had been completed at the beginning of the financial year ended 31 December 2022.

The calculation of basic earnings per share for the financial year ended 31 December 2021 is based on profit attributable to owners of the Company for the financial year ended 31 December 2021 divided by weighted average number of ordinary shares in issue for the financial year ended 31 December 2021 computed based on pre-placement share capital of 152,340,000 ordinary shares, assuming the share split exercise of sub-dividing each existing ordinary share into 12 shares ("Share Split") occurred at the beginning of the financial year ended 31 December 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 11 Cash and bank balances

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 | 2022<br>$'000 | 2021<br>$'000 |
| Cash at banks | 4,156 | 2,245 | - | - |
| Cash on hand | 2 | 16 | 166 | -* |
| Fixed deposits | 8,000 | - | 7,500 | - |
| | 12,158 | 2,261 | 7,666 | - |
| Less: Pledged fixed deposit | (500) | - | - | - |
| Cash and cash equivalents | 11,658 | 2,261 | 7,666 | -* |

* Denotes amount less than $1,000

Fixed deposits are for a tenure of approximately 35 to 365 days and out of which, $500,000 has been pledged to bank to secure credit facilities granted. The effective interest rate of the fixed deposit of the Group and the Company ranges from 2.60% to 4.01% per annum.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances are denominated in Singapore Dollars.

## 12 Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 | 2022<br>$'000 | 2021<br>$'000 |
| Trade receivables | | | | |
| - third parties | 6,105 | 7,686 | - | - |
| - related parties | -* | 4 | - | - |
| Loss allowance (Note 30) | (2,026) | (2,069) | - | - |
| | 4,079 | 5,621 | - | - |
| Interest receivables | 12 | - | 12 | - |
| Advance payment to suppliers | | | | |
| - third parties | 354 | 638 | - | - |
| - related party | - | 12 | - | - |
| Other receivables | | | | |
| - third parties | 99 | 90 | - | - |
| - related party | - | - | 16 | - |
| Advances to subsidiaries | - | - | 40 | - |
| Loan to a subsidiary | - | - | 500 | - |
| Refundable deposits | 416 | 290 | - | 1 |
| Prepayments | 208 | 361 | 36 | 210 |
| | 5,168 | 7,012 | 604 | 211 |

* Denotes amount less than $1,000

### 12 Trade and other receivables (Continued)

Trade receivables from third parties and related parties are unsecured, non-interest bearing and generally ranges between 30 to 90 days (2021: 30 to 90 days) credit terms.

Advance payment to suppliers is pertaining to advance payment made to suppliers for purchase of inventories.

Prepayments mainly represented the prepaid insurance expenses for motor vehicles, medical, machineries and projects.

Refundable deposits are pertaining to rental of worker dormitories and utilities.

Other receivables are unsecured, non-interest bearing and repayable on demand.

The details of the impairment of trade receivables and credit exposures are disclosed in Note 30.

Advances to subsidiaries and loan to a subsidiary are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Trade and other receivables are denominated in Singapore Dollars.

### 13 Dividend receivable

| | Company | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Dividend receivable from a subsidiary | 1,600 | - |

### 14 Contract assets/liability

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Contract assets | 20,598 | 16,204 |
| Loss allowance (Note 30) | (1,966) | (1,639) |
| | 18,632 | 14,565 |
| Contract liability | (253) | (350) |
| | 18,379 | 14,215 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**14 Contract assets/liability (Continued)**

Contract assets represent the unbilled amount for work completed to date. The amount is transferred to trade receivable when the right to bill becomes unconditional upon receipts of the architects' certification. This typically occurs when the milestones are achieved.

Contract liability represent the advances consideration received from a customer. The amount is recognised as revenue when the Group has satisfied the underlying performance obligations under the contract.

The significant changes in the contract assets and contract liability during the year are as follows:

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| **Contract assets** | | |
| At beginning of the year | 14,565 | 13,223 |
| Contract assets reclassified to trade receivables that was included in the contract asset balance at the beginning of the year | (12,843) | (12,290) |
| Increases due to revenue recognised to date but has not been invoiced to the customer as at financial year end | 17,237 | 13,632 |
| Loss allowance provided for contract assets (Note 30) | (327) | - |
| At end of the year | 18,632 | 14,565 |
| **Contract liability** | | |
| At beginning of the year | 350 | 520 |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | (97) | (170) |
| At end of the year | 253 | 350 |

The exposure to credit risk and impairment losses related to contract assets is disclosed in Note 30.

**15 Inventories**

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Goods in transit | 38 | - |
| Material and consumable tools | 994 | 864 |
| | 1,032 | 864 |

## 16 Property, plant and equipment

| | Computers and software $'000 | Furniture and office equipment $'000 | Machinery, tools and equipment $'000 | Motor vehicle $'000 | Renovation $'000 | Property under construction $'000 | Leasehold properties $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Cost:** | | | | | | | | |
| At 1 January 2021 | 255 | 113 | 1,454 | 5,672 | 138 | 4,906 | 4,162 | 16,700 |
| Additions | 88 | 83 | - | 907 | - | 2,060 | - | 3,138 |
| Disposals | - | - | - | (342) | - | - | (2,520) | (2,862) |
| Reclassification | - | - | - | - | - | (6,966) | 6,966 | - |
| At 31 December 2021 | 343 | 196 | 1,454 | 6,237 | 138 | - | 8,608 | 16,976 |
| Additions | 43 | 20 | - | 325 | - | - | 126 | 514 |
| Disposals | - | - | - | (71) | (138) | - | - | (209) |
| At 31 December 2022 | 386 | 216 | 1,454 | 6,491 | - | - | 8,734 | 17,281 |
| **Accumulated depreciation:** | | | | | | | | |
| At 1 January 2021 | 245 | 113 | 821 | 3,338 | 138 | - | 2,264 | 6,919 |
| Charge for the year | 45 | 6 | 260 | 807 | - | - | 156 | 1,274 |
| Disposals | - | - | - | (279) | - | - | (673) | (952) |
| At 31 December 2021 | 290 | 119 | 1,081 | 3,866 | 138 | - | 1,747 | 7,241 |
| Charge for the year | 80 | 31 | 244 | 789 | - | - | 422 | 1,566 |
| Disposals | - | - | - | (54) | (138) | - | - | (192) |
| At 31 December 2022 | 370 | 150 | 1,325 | 4,601 | - | - | 2,169 | 8,615 |
| **Carrying amounts:** | | | | | | | | |
| At 31 December 2022 | 16 | 66 | 129 | 1,890 | - | - | 6,565 | 8,666 |
| At 31 December 2021 | 53 | 77 | 373 | 2,371 | - | - | 6,861 | 9,735 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**16 Property, plant and equipment (Continued)**

| | Motor vehicle $'000 |
|---|---|
| **Company** | |
| **Cost:** | |
| At 1 January 2021 and at 31 December 2021 | - |
| Additions | 76 |
| At 31 December 2022 | 76 |
| **Accumulated depreciation:** | |
| At 1 January 2021 and at 31 December 2021 | - |
| Charge for the year | 2 |
| At 31 December 2022 | 2 |
| **Carrying amount:** | |
| At 31 December 2022 | 74 |
| At 31 December 2021 | - |

During the financial year, the Group and Company acquired property, plant and equipment for an aggregate of approximately $514,000 (2021: $3,138,000) and $76,000 (2021: $Nil) of which approximately $167,000 (2021: $773,000) and $63,000 (2021: $Nil) was acquired by means of a lease, respectively. The Group's plant and machinery, leasehold land and buildings with a carrying amount of approximately $1,194,000 (2021: $1,495,000) were pledged to secure bank borrowings (Note 22).

On 30 August 2021, Digo Corporation Pte. Ltd. entered into an option to purchase agreement with a third party in relation to the disposal of the property located at 32 Woodlands Industrial Park E1, Singapore 737723, for a consideration of $5 million, and the disposal was completed on 6 December 2021.

## 17 Investment property

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| **Cost:** | | |
| At beginning of year | - | 903 |
| Disposal | - | (903) |
| At end of year | - | - |
| **Accumulated depreciation:** | | |
| At beginning of year | - | 166 |
| Charge for the year | - | 17 |
| Disposal | - | (183) |
| At end of year | - | - |
| **Carrying amount:** | | |
| At beginning of year | - | 737 |
| At end of year | - | - |

On 7 July 2021, Digo Corporation Pte. Ltd. entered into a sale and purchase agreement with a related party in relation to the disposal of the investment property located at 61 Woodlands Industrial Park E9, #05-13 E9 Premium, Singapore 757047, for a consideration of $0.75 million, and the disposal was completed on 30 July 2021.

The gain on disposal of investment property is recognised in profit or loss of approximately $30,000 in prior year.

## 18 Investment in a joint venture

On 7 December 2021, the Group struck off a joint venture company, Cypark-Digo JV Solar Pte. Ltd., from the Register of Accounting and Corporate Regulatory Authority pursuant to Section 344 of the Companies Act 1967 of Singapore. The joint venture has no business activities since the date of incorporation.

## 19 Investments in subsidiaries

| | Note | Company | |
|---|---|---|---|
| | | 2022<br>$'000 | 2021<br>$'000 |
| **Unquoted shares, at cost:** | | | |
| At beginning of year | | - | - |
| Adjustments pursuant to the restructuring exercise | 2.4 | 12,695 | - |
| Incorporation of subsidiaries | | -* | - |
| At end of year | | 12,695 | - |

* Denotes amount less than $1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**19 Investments in subsidiaries (Continued)**

| Name of subsidiaries (Country of incorporation/operation) | Principal activities | Effective equity interest held by the Company 2022 % | 2021 % |
|---|---|---|---|
| **Held directly by the Company** | | | |
| Digo Building Construction Pte. Ltd. [1] /Singapore | General contractors and building construction including major upgrading works | 100 | 100 |
| Digo Corporation Pte. Ltd. [1] /Singapore | Provision of electrical works and general building engineering design and consultancy services | 100 | 100 |
| Kontourz Pte. Ltd. [1] /Singapore | Provision of electrical works and general building engineering services | 100 | 100 |
| Alpina Energy Pte. Ltd. [1] /Singapore [2] | Provision of engineering design and consultancy service in energy management and clean energy system and electrical works | 100 | - |
| Alpina International Investments Pte. Ltd. [1] /Singapore [3] | Investment holding company | 100 | - |

(1) Audited by Mazars LLP, Singapore.

(2) Alpina Energy Pte. Ltd. was incorporated on 1 July 2022, with issued and paid-up share capital of $100, comprising 100 shares of $1 each.

(3) Alpina International Investments Pte. Ltd. was incorporated on 13 July 2022, with issued and paid-up share capital of $100, comprising 100 shares of $1 each.

**20 Other investment**

| | Group 2022 $'000 | 2021 $'000 |
|---|---|---|
| Financial asset at FVTPL | | |
| - Equity shares (unquoted) | 387 | - |

Unquoted equity shares represent interest in a company in Singapore which was engaged in engineering design and consultancy services in energy management and clean energy system.

The Group has the right to exercise a put option in relation to its 46% shareholding in the investee within 18 months commencing from the date of incorporation of the investee to the date falling 18 months from the date of award of the agreed project, with the exercise price of approximately $350,000. In the event that the Group fails to exercise the put option, prior to the expiry of the option period, the put option shall be deemed to be automatically lapsed on the day immediately after the last day of the option period.

The unquoted equity instrument classified at FVTPL are denominated in Singapore dollar. The valuation technique of this instrument is disclosed in Note 31.

## 21 Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 | 2022<br>$'000 | 2021<br>$'000 |
| Trade payables | | | | |
| - third parties | 6,701 | 5,674 | - | - |
| - related parties | - | 3 | - | - |
| | 6,701 | 5,677 | - | - |
| Accruals | | | | |
| - third parties | 1,929 | 1,555 | 207 | 220 |
| - related party | 60 | - | 60 | - |
| GST payables | 384 | 632 | 26 | - |
| Retention payables | 408 | 380 | - | - |
| Other payables | | | | |
| - third parties | 55 | 66 | 6 | - |
| - related party | - | - | - | 970 |
| | 9,537 | 8,310 | 299 | 1,190 |

The average credit period on purchases of supplies and services generally ranges between 30 to 90 days (2021: 30 to 90 days). No interest is charged on the trade payables.

Trade payables from related parties are trade in nature, unsecured, interest-free and repayable on demand.

Accruals from third parties mainly consist of accrued operating expenses, trade accruals (cost of services related to the projects which had been recognised but for which they had not yet received invoices from the subcontractors and suppliers), accrued CPF expenses and accrued worker salaries.

Accruals from related party consist of independent director fee, non-trade in nature, unsecured, interest-free and repayable on demand.

Retention payables mainly relate to a portion of the subcontract value, typically 5% which is withheld by us as retention money. This money will be released after the defect liability period of the main contract (usually between 12 and 18 months from the substantial completion date of the main contract), or upon issuance of the final completion certificate under the main contract.

Other payable to third parties are non-trade in nature, unsecured, interest-free and repayable on demand.

Other payable to a related party was unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 | 2022<br>$'000 | 2021<br>$'000 |
| Singapore Dollar | 8,891 | 8,310 | 299 | 1,190 |
| Chinese Renminbi | 646 | - | - | - |
| | 9,537 | 8,310 | 299 | 1,190 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 22 Borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| **Secured** | | | | |
| Term loans | 4,455 | 4,705 | - | - |
| Trust receipts | 2,737 | 1,060 | - | - |
| Finance lease | 1,130 | 1,237 | 61 | - |
| **Unsecured** | | | | |
| Others | 8 | 8 | - | - |
| | 8,330 | 7,010 | 61 | - |
| Less: | | | | |
| Current | (4,198) | (3,408) | (14) | - |
| Non-current | 4,132 | 3,602 | 47 | - |

During the financial year, the average effective interest rates per annum of the borrowings were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 % | 2021 % | 2022 % | 2021 % |
| **Secured** | | | | |
| Term loans | 2.42 - 3.50 | 3.00 - 4.48 | - | - |
| Trust receipts | 2.47 - 6.04 | 2.56 - 5.75 | - | - |
| Finance lease | 5.56 - 7.59 | 4.49 - 5.83 | 7.59 | - |

The Group's secured term loans consist mainly of 3 term loans:

(i) The term loan is repayable in monthly instalment and matures in 2025. The loan includes corporate guarantees by the Company. (2021: The loan includes corporate guarantees by certain shareholders and directors).

(ii) The term loan is repayable in monthly instalment and matures in 2025. The loan is secured by (i) corporate guarantees by the Company, and (ii) fixed deposits amounting to $500,000. (2021: The loan is secured by (i) corporate guarantees by certain shareholders and directors, and (ii) fixed deposits amounting to $500,000 by directors).

(iii) The term loan is repayable in monthly instalment and matures in 2032. The loan is secured by existing legal mortgage on leasehold property and plant and equipment and guarantees by the Company. (2021: The loan is secured by existing legal mortgage on leasehold property and plant and equipment and guarantees by certain shareholders and directors).

Borrowings are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Singapore Dollar | 7,959 | 7,010 | 61 | - |
| Chinese Renminbi | 371 | - | - | - |
| | 8,330 | 7,010 | 61 | - |

## 22 Borrowings (Continued)

As at 31 December, the Group had credit facilities as follows:

| | Group 2022 $'000 | Group 2021 $'000 |
|---|---|---|
| Facilities granted | 17,863 | 17,155 |
| Facilities utilised | 11,205 | 9,786 |

## 23 Leases

The Group leases land under a 19-years lease arrangement, with no option to renew the lease after that date. Lease payments are made annually and are subjected to revision every year based on the prevailing market rate but any increase will not exceed 3% of the annual rent in the immediate preceding year. In prior year, the Group is restricted from entering into any sublease arrangement for this lease. However, such restriction being lifted during the year.

The Group leases certain office equipment for five years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under such leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

Extension options

The Group has several lease contracts with extension options exercisable by the Group up to 3 months before the end of the non-cancellable contract period. These extension options are exercisable by the Group and not by the lessors. The extension options are used by the Group to provide operation flexibility in terms of managing the assets used in the Group's operation.

Recognition exemptions

The Group has certain IT equipment, short-term rental of workers' dormitory and office equipment with lease terms of 12 months or less. For such leases, the Group has elected not to recognise right-of-use assets and lease liabilities.

a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset are as follows:

| | Leasehold land $'000 | Office equipment $'000 | Total $'000 |
|---|---|---|---|
| **Group** | | | |
| At 1 January 2021 | 709 | 75 | 784 |
| Depreciation | (41) | (21) | (62) |
| At 31 December 2021 | 668 | 54 | 722 |
| Addition | - | 67 | 67 |
| Disposal | - | (29) | (29) |
| Depreciation | (42) | (21) | (63) |
| At 31 December 2022 | 626 | 71 | 697 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**23 Leases (Continued)**

a) Right-of-use assets (Continued)

Borrowings includes right-of-use assets of motor vehicles with a carrying amount of approximately $1,194,000 (2021: $1,495,000) which are acquired by mean of lease.

The total cash outflow for leases during the financial year is approximately $1,403,000 (2021: $904,000).

b) Lease liabilities

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Current | | |
| Borrowings - Finance lease (Note 22) | 273 | 235 |
| Lease liabilities | 47 | 49 |
| | 320 | 284 |
| Non-current | | |
| Borrowings - Finance lease (Note 22) | 857 | 1,002 |
| Lease liabilities | 707 | 716 |
| | 1,564 | 1,718 |
| | 1,884 | 2,002 |

c) Amount recognised in profit or loss

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Interest expense on lease liabilities | 45 | 42 |
| Expenses relating to short-term leases | 1,314 | 816 |

**24 Deferred tax assets/(liabilities)**

The following are deferred tax assets/(liabilities) recognised by the Group and movements thereon during the year.

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 | 2022<br>$'000 | 2021<br>$'000 |
| ***Deferred tax assets*** | | | | |
| Balance at 1 January | - | - | - | - |
| Charged to profit or loss for the year (Note 9) | 539 | - | - | - |
| Balance at 31 December | 539 | - | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 24 Deferred tax assets/(liabilities) (Continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| ***Deferred tax liabilities*** | | | | |
| Balance at 1 January | (112) | (82) | - | - |
| Charged to profit or loss for the year (Note 9) | 107 | (30) | (1) | - |
| Balance at 31 December | (5) | (112) | (1) | - |

Deferred tax as at 31 December relates to the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| ***Deferred tax assets*** | | | | |
| Provisions | 539 | - | - | - |
| ***Deferred tax liabilities*** | | | | |
| Accelerated tax depreciation | (5) | (112) | (1) | - |

## 25 Share capital

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Group | No of issued ordinary shares | Issued share capital $'000 | No of issued ordinary shares | Issued share capital $'000 |
| **Issued and fully paid** | | | | |
| At 1 January (1) | 3,350,200 | 3,350 | 3,350,200 | 3,350 |
| Adjustments pursuant to the restructuring exercise | (3,350,100) | (3,350) | - | - |
| Issuance of 12,694,900 new shares (before share split) pursuant to the restructuring exercise (2) | 12,694,900 | 12,695 | - | - |
| Issuance of 139,645,000 new shares pursuant to the Share Split (2) | 139,645,000 | - | - | - |
| Issuance of new shares pursuant to the IPO (3) | 32,000,000 | 9,920 | - | - |
| Capitalisation of share issue expenses | - | (600) | - | - |
| | 184,340,000 | 22,015 | 152,340,000 | 3,350 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**25 Share capital (Continued)**

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Company** | **No of issued ordinary shares** | **Issued share capital $'000** | **No of issued ordinary shares** | **Issued share capital $'000** |
| Issued and fully paid-up shares as at the date of incorporation | 100 | -* | 100 | -* |
| Issuance of 12,694,900 new shares (before the Share Split) pursuant to the restructuring exercise [(2)] | 12,694,900 | 12,695 | - | - |
| Issuance of 139,645,000 new shares pursuant to the Share Split [(2)] | 139,645,000 | - | - | - |
| Issuance of new shares pursuant to the IPO [(3)] | 32,000,000 | 9,920 | - | - |
| Capitalisation of share issue expenses | - | (600) | - | - |
| | 184,340,000 | 22,015 | 100 | -* |

* Denotes amount less than $1,000

(1) the Company was incorporated on 8 November 2021. Accordingly, the share capital in the consolidated statement of financial position as at the end of the previous financial year related to the aggregate amounts of the paid-up capital of the subsidiaries.

(2) allotment and issuance of 152,339,900 pursuant to the restructuring exercise.

(3) on 28 January 2022, a total of 37,000,000 new shares (comprising 32,000,000 new shares and 5,000,000 vendor shares) were offered to the public at $0.31 per share ("Placement").

The holders of ordinary 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.

For the purpose of the preparation of the combines statement of financial position, issued share capital as of 31 December 2022 and 31 December 2021 represent the aggregated number of issued share capital of all the subsidiaries within the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 26 Dividends

During the financial year ended 31 December 2022 and 31 December 2021, the Company declared approximately $1,300,000 and $4,000,000 respectively, dividends to its shareholders.

| | Company | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| ***Declared during the financial year:*** | | |
| **Dividends on ordinary shares** | | |
| Interim tax-exempt dividend for 31 December 2021: $2.0000 per share | - | 4,000 |
| Final tax-exempt dividend for 31 December 2021: $0.2712 cents per share | 500 | - |
| Interim tax-exempt dividend for 31 December 2022: $0.4339 cents per share | 800 | - |
| | 1,300 | 4,000 |
| ***Dividends were settled as follows:*** | | |
| **Cash paid during the financial year** | | |
| Interim tax-exempt dividend in respect of the financial year ended 31 December 2021 | - | 4,000 |
| Final tax-exempt dividend of $0.2712 cents per share in respect of 31 December 2021 | 500 | - |
| Interim tax-exempt dividend in respect of the financial year ended 31 December 2022 | 800 | - |
| **Total dividends settled during the financial year** | 1,300 | 4,000 |
| **Proposed dividends on ordinary shares:** | | |
| Final tax-exempt dividend of $0.2712 cents per share in respect of 31 December 2021 | - | 500 |
| Final tax-exempt dividend of $0.1085 cents per share in respect of 31 December 2022 | 200 | - |

Subsequent to 31 December 2022, the Directors of the Company recommended a final tax-exempt dividend of $0.1085 cents per ordinary share amounting to $0.2 million for financial year 31 December 2022 ("Final Dividend"). The Final Dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 27 Contingent liabilities, secured

As at 31 December 2022, the Company had given guarantees amounting to $13,577,000 to banks in respect of banking facilities granted to certain subsidiaries.

The Company has not recognised any liability in respect of the guarantees given to the banks for banking facilities granted to the certain subsidiaries as the Company's directors have assessed that the likelihood of the Company defaulting on repayment of the loans are remote.

As at the end of the financial year, the total amount of loans outstanding covered by the guarantees was approximately $7,192,000. Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facilities.

As at the end of the financial year, the Company had also given undertakings to a subsidiary to provide continued financial support to the subsidiary to enable it to operate as going concern and to meet its obligations as and when they fall due for at least 12 months from the financial year end.

## 28 Significant related party transactions

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and Company if that person:

   (i) Has control or joint control over the Company;
   (ii) Has significant influence over the Company; or
   (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

b) An entity is related to the Group and the Company if any of the following conditions applies:

   (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
   (vi) The entity is controlled or jointly controlled by a person identified in (a).
   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
   (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

## 28 Significant related party transactions (Continued)

The effect of the Group's and Company's transactions and arrangements with related parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

***Compensation of directors and key management personnel***

The remuneration of directors and other members of key management during the financial year was as follows:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Short-term employee benefits | 2,325 | 1,065 |
| Defined contribution plan | 133 | 69 |
| | 2,458 | 1,134 |

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group with its related party during the financial year:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| **Related parties** | | |
| Provision of professional services | (3) | - |
| Sale of goods | 1 | - |
| Expenses paid on behalf | (2) | - |
| Sales of warehouse | - | 750 |
| Purchase of goods and services | (107) | (1,129) |

## 29 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

Management considers that the entire Group's operations constitute a single segment which is in the business of maintenance services in Singapore. Management assesses the performance of the Group's operations based on the profit before tax, total assets and total liabilities which are measured in a manner consistent with that of the financial statements of the Group.

The Group's reportable segments under SFRS(I) 8 *Operating Segments* are therefore as follows:

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group under SFRS(I) 8.

# NOTES TO THE FINANCIAL STATEMENTS



## 29 Segment information (Continued)

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

The Group's reportable segments under SFRS(I) 8 are therefore as follows:

(1) Integrated building services ("IBS")
(2) Mechanical and electrical ("M&E")
(3) Alteration and addition ("A&A")

Segment revenue represents revenue generated from external and internal customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. This is the measure reported to the chief operating maker for the purpose of resource allocation and assessment of segment performance.

Assets and liabilities are not allocated by segment as they are not considered critical by the chief operating decision maker in resource allocation and assessment of segment performance.

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| **Segment revenue** | | |
| - IBS | 33,763 | 35,773 |
| - M&E | 8,649 | 12,570 |
| - A&A | 7,476 | 3,547 |
| Total | 49,888 | 51,890 |
| **Segment results** | | |
| Profit from operations: | | |
| - IBS | 5,776 | 11,114 |
| - M&E | 504 | 1,043 |
| - A&A | 607 | 715 |
| Total | 6,887 | 12,872 |
| Other income | 1,178 | 3,390 |
| Distribution costs | (32) | (47) |
| Administrative expenses | (4,850) | (5,029) |
| Loss allowance on financial assets and contract assets | (284) | (88) |
| Finance costs | (267) | (382) |
| Profit before income tax | 2,632 | 10,716 |
| Income tax expense | (596) | (1,432) |
| Profit for the financial year | 2,036 | 9,284 |

## 30 Financial instruments and financial risks

The Group's activities expose it to credit risk, market risks (including foreign currency risk, interest rate risk and equity price risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by the Group's treasury department ("Group Treasury") in accordance with the policies set by the management. The Group Treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The reporting team of Group Treasury measures actual exposures against the limits set and prepares daily reports for review by the Heads of Group Treasury and each operating unit. Regular reports are also submitted to the management and the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risks exposures are measured using sensitivity analysis indicated below.

***Credit risk***

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances, trade and other receivables, other debt instruments carried at amortised cost and contract assets. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, and/or where contractual payments are 90 days past due as per SFRS(I) 9's presumption.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**30 Financial instruments and financial risks (Continued)**

***Credit risk (Continued)***

The Group's internal credit risk grading categories are as follows:

| Category | Description | Basis of recognising ECL |
|---|---|---|
| 1 | Low credit risk Note 1 | 12-months ECL |
| 2 | Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due | 12-months ECL |
| 3 | Significant increase in credit risk since initial recognition Note 2 or financial asset is > 30 days past due | Lifetime ECL |
| 4 | Evidence indicates that financial asset is credit-impaired Note 3 | Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate |
| 5 | Evidence indicates that the management has no reasonable expectations of recovering the write off amount Note 4 | Written off |

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

**30 Financial instruments and financial risks (Continued)**

***Credit risk (Continued)***

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether 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;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cash flows to repay the amounts subjected to the write off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

With reference to Note 27, the Company provides financial guarantees to certain banks in respect of bank facilities granted to certain subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 30 Financial instruments and financial risks (Continued)

***Credit risk (Continued)***

Trade receivables (Note 12) and contract assets (Note 14)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables and contract assets, where the loss allowance is equal to lifetime ECL.

The contract assets mainly relate to unbilled revenue. The ECL for contract assets are estimated using the actual credit loss rate.

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (e.g. Singapore) and the growth rates of the major industries which its customers operate in.

Trade receivables and contract assets are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

The loss allowance for trade receivables and contract assets are determined as follows:

| | Trade receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| Group | Current | Past due more than 1 to 30 days | Past due more than 31 to 60 days | Past due more than 61 to 90 days | Past due more than 91 to 180 days | Past due more than 180 days | Total |
| **31 December 2022** | | | | | | | |
| ECL rates | 0.95% | 2.33% | 5.47% | 9.38% | 8.40% | 76.15% | 33.18% |
| Trade receivables (gross) ($'000) | 2,421 | 517 | 213 | 246 | 155 | 2,553 | 6,105 |
| Loss allowance on trade receivables ($'000) | 23 | 12 | 12 | 23 | 13 | 1,943 | 2,026 |
| **31 December 2021** | | | | | | | |
| ECL rates | 0.70% | 2.28% | 3.95% | 6.58% | 6.24% | 70.40% | 26.90% |
| Trade receivables (gross) ($'000) | 2,137 | 855 | 1,071 | 469 | 408 | 2,750 | 7,690 |
| Loss allowance on trade receivables ($'000) | 15 | 19 | 42 | 31 | 25 | 1,937 | 2,069 |

| | Contract assets (Based on duration from performance obligation satisfaction date) | | | | | | |
|---|---|---|---|---|---|---|---|
| Group | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 365 days | More than 365 days | Total |
| **31 December 2022** | | | | | | | |
| Contract assets (gross) ($'000) | 7,183 | 2,619 | 1,344 | 2,831 | 3,261 | 3,360 | 20,598 |
| Loss allowance on contract assets ($'000) | - | - | - | - | - | 1,966 | 1,966 |
| **31 December 2021** | | | | | | | |
| Contract assets (gross) ($'000) | 7,941 | 1,441 | 2,135 | 921 | 1,339 | 2,427 | 16,204 |
| Loss allowance on contract assets ($'000) | - | - | - | - | - | 1,639 | 1,639 |

**30 Financial instruments and financial risks (Continued)**

***Credit risk (Continued)***

Other receivables, deposits and interest receivables (Note 12)

As of 31 December 2022, the Group recorded other receivables, deposits and interest receivables of approximately $99,000 (2021: $90,000), $416,000 (2021: $290,000) and $12,000 (2021: $Nil) respectively. The Group assessed the loss allowance of these amounts on a 12-months ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the other receivables deposits and interest receivables, the Group considered amongst other factors, the financial position of these receivables as of 31 December 2022, the past financial performance and cash flows trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-months ECL, the Company determined that the ECL is insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 30 Financial instruments and financial risks (Continued)

***Credit risk (Continued)***

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables and contracts assets are as follows:

**Group**

| Internal credit risk grading | Trade receivables | | | Contract assets | | | Other receivables, deposit and interest receivables | |
|---|---|---|---|---|---|---|---|---|
| | Note (i) $'000 | Category 4 $'000 | Total $'000 | Note (i) $'000 | Category 4 $'000 | Total $'000 | Category 2 $'000 | Total $'000 |
| **Loss allowance** | | | | | | | | |
| **Balance at 1 January 2021** | 135 | 1,860 | 1,995 | - | 1,639 | 1,639 | - | - |
| Impairment loss recognised | 74 | - | 74 | - | - | - | - | - |
| **Balance at 31 December 2021** | 209 | 1,860 | 2,069 | - | 1,639 | 1,639 | - | - |
| Impairment loss recognised | - | - | - | - | 327 | 327 | - | - |
| Reversal of loss allowance | (43) | - | (43) | - | - | - | - | - |
| **Balance at 31 December 2022** | 166 | 1,860 | 2,026 | - | 1,966 | 1,966 | - | - |
| **Gross carrying amount** | | | | | | | | |
| At 31 December 2021 | 5,830 | 1,860 | 7,690 | 14,565 | 1,639 | 16,204 | 380 | 380 |
| At 31 December 2022 | 4,245 | 1,860 | 6,105 | 18,632 | 1,966 | 20,598 | 527 | 527 |
| **Net carrying amount** | | | | | | | | |
| At 31 December 2021 | 5,621 | - | 5,621 | 14,565 | - | 14,565 | 380 | 380 |
| At 31 December 2022 | 4,079 | - | 4,079 | 18,632 | - | 18,632 | 527 | 527 |

**Note**

(i) For trade receivables and contract assets, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

At 31 December 2022, the Group's impaired trade receivables had a gross carrying amount of $1,860,000 (2021: $1,860,000) and contract assets had a gross carrying amount of approximately $2,293,000 (2021: $1,639,000). The impairment losses of the Group related to several customers that the Group was not expecting to be able to collect the outstanding balances, mainly due to economic circumstances.

**30 Financial instruments and financial risks (Continued)**

***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 monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the net contractual undiscounted cash inflows/outflows of financial assets and financial liabilities, including interest payments:

| Group | Effective interest rate % | Less than 1 year $'000 | 2 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Undiscounted financial assets** | | | | | |
| Cash and bank balances | 2.60 - 4.01 | 12,158 | - | - | 12,158 |
| Trade and other receivables | | 4,606 | - | - | 4,606 |
| **As at 31 December 2022** | | 16,764 | - | - | 16,764 |
| Cash and bank balances | | 2,261 | - | - | 2,261 |
| Trade and other receivables | | 6,001 | - | - | 6,001 |
| **As at 31 December 2021** | | 8,262 | - | - | 8,262 |
| **Undiscounted financial liabilities** | | | | | |
| Trade and other payables | | 9,153 | - | - | 9,153 |
| Lease liabilities (Note 23) | 5.41 | 87 | 319 | 676 | 1,082 |
| Bank borrowings (Note 22) | 2.42 - 7.59 | 4,436 | 3,470 | 1,179 | 9,085 |
| **As at 31 December 2022** | | 17,776 | 6,341 | 3,014 | 27,131 |
| Trade and other payables | | 7,678 | - | - | 7,678 |
| Lease liabilities (Note 23) | 5.41 | 89 | 297 | 741 | 1,127 |
| Bank borrowings (Note 22) | 3.00 - 5.83 | 2,782 | 4,561 | 126 | 7,469 |
| **As at 31 December 2021** | | 10,549 | 4,858 | 867 | 16,274 |
| **Net contractual undiscounted cash flows** | | | | | |
| **- at 31 December 2022** | | (1,012) | (6,341) | (3,014) | (10,367) |
| **- at 31 December 2021** | | (2,287) | (4,858) | (867) | (8,012) |

# **NOTES TO** THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**30 Financial instruments and financial risks (Continued)**

***Liquidity risk (Continued)***

| Company | Effective interest rate % | Less than 1 year $'000 | 2 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Undiscounted financial assets** | | | | | |
| Cash and bank balances | 2.60 - 4.01 | 7,666 | - | - | 7,666 |
| Other receivables | | 568 | - | - | 568 |
| Dividend receivables | | 1,600 | - | - | 1,600 |
| **As at 31 December 2022** | | 9,834 | - | - | 9,834 |
| Cash and bank balances | | -* | - | - | -* |
| Other receivables | | 1 | - | - | 1 |
| **As at 31 December 2021** | | 1 | - | - | 1 |
| **Undiscounted financial liabilities** | | | | | |
| Other payables | | 273 | - | - | 273 |
| Bank borrowings (Note 22) | 7.59 | 14 | 47 | - | 61 |
| Maximum amount of financial guarantee | | 4,100 | 2,552 | 1,159 | 7,811 |
| **As at 31 December 2022** | | 287 | 47 | - | 334 |
| Other payables | | 1,190 | - | - | 1,190 |
| **As at 31 December 2021** | | 1,190 | - | - | 1,190 |
| **Net contractual undiscounted cash flows** | | | | | |
| **- at 31 December 2022** | | 9,547 | (47) | - | 9,500 |
| **- at 31 December 2021** | | (1,189) | - | - | (1,189) |

**30 Financial instruments and financial risks (Continued)**

***Liquidity risk (Continued)***

***Financial instruments by category***

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

| | Note | Group 2022 $'000 | Group 2021 $'000 |
|---|---|---|---|
| ***Financial asset at FVTPL*** | | | |
| Unquoted equity instrument | 20 | 387 | - |
| ***Financial assets at amortised cost*** | | | |
| Trade and other receivables (excludes prepayment and advance payment) | 12 | 4,606 | 6,001 |
| Cash and bank balances | 11 | 12,158 | 2,261 |
| | | 16,764 | 8,262 |
| ***Financial liabilities at amortised cost*** | | | |
| Borrowings | 22 | 8,330 | 7,010 |
| Lease liabilities | 23(b) | 754 | 765 |
| Trade and other payables (excludes GST payables) | 21 | 9,153 | 7,678 |
| | | 18,237 | 15,453 |

| | Note | Company 2022 $'000 | Company 2021 $'000 |
|---|---|---|---|
| ***Financial assets at amortised cost*** | | | |
| Other receivables (excludes prepayment) | 12 | 604 | 211 |
| Cash and cash equivalents | 11 | 7,666 | -* |
| | | 8,270 | 211 |
| ***Financial liabilities at amortised cost*** | | | |
| Borrowings | 22 | 61 | - |
| Trade and other payables (excludes GST payables) | 21 | 273 | 1,190 |
| | | 334 | 1,190 |

* Denotes amount less than $1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**30 Financial instruments and financial risks (Continued)**

***Market risks***

Market risks is the risk that changes in market prices, such as interest rates and foreign exchange 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 on risk.

Foreign currency risk

The Group is exposed to foreign currency risk on certain expenses, mainly from trade and other payables that are denominated in currencies other than the functional currencies of the respective entities in the Group. As at the reporting date, the Group do not have significant foreign currency risk exposure except for the financial liabilities denominated in Chinese Renminbi.

The carrying amounts of the Group's foreign currency denominated monetary liabilities as at the end of the financial year are as follows:

| **Group** | **Liabilities** | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Chinese Renminbi | 1,017 | - |

*Foreign currency sensitivity analysis*

The following table details the sensitivity to a 3% (2021: Nil) increase or decrease in the relevant foreign currencies against the functional currency of each Group entity. 3% (2021: Nil) is the sensitivity rate representing management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% (2021: Nil) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they give rise to an impact on the Group's profit or loss.

If the relevant foreign currency strengthens by 3% (2021: Nil) against the functional currency of each Group entity, profit or loss will increase or (decrease) by:

| | **Chinese Renminbi impact** | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| **Group** | | |
| Profit or loss | (31) | - |

**30 Financial instruments and financial risks (Continued)**

***Market risks (Continued)***

Equity Price Risk

The Group is exposed to equity risk arising from equity investments classified as financial assets at fair value through profit or loss.

Further details of these equity investments can be found in Note 20 to the financial statements.

*Equity price sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the financial year.

The sensitivity analysis assumes an instantaneous 2% change (2021: Nil) in the equity prices from the reporting date, with all variables held constant.

| | Increase/(Decrease) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Group | | Company | | Group | | Company | |
| | Profit before tax | | | | Equity | | | |
| | 2022<br>$'000 | 2021<br>$'000 | 2022<br>$'000 | 2021<br>$'000 | 2022<br>$'000 | 2021<br>$'000 | 2022<br>$'000 | 2021<br>$'000 |
| Financial assets at fair value through profit or loss | 8 | - | - | - | 8 | - | - | - |

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk relates to fixed deposits and interest-bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

The Group's interest rate risk arise primarily from the floating rate borrowings with financial institutions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**30 Financial instruments and financial risks (Continued)**

***Market risks (Continued)***

Interest rate risk (Continued)

At the reporting date, the interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts are as below:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| **Fixed rate instruments** | | |
| Financial asset | | |
| - Fixed deposit | 8,000 | - |
| Financial liabilities | | |
| - Trust receipts | (2,737) | (1,060) |
| - Finance lease | (1,130) | (1,237) |
| | (3,867) | (2,297) |
| **Net financial assets/(liabilities)** | 4,133 | (2,297) |
| **Floating rate instrument** | | |
| Financial liability | | |
| - Term loans | 4,455 | 4,705 |

*Interest rate sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for bank deposits and interest-bearing financial liabilities at the end of the financial year and the stipulated change taking place at the beginning of the year and held constant throughout the financial year in the case of instruments that have floating rates. A 300-basis points increase or decrease is used and represents management's assessment of the possible change in interest rates.

A change of 300 basis points (bps) in interest rates at the reporting date would have increased/(decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| 300 bps increase | 12 | 13 |
| 300 bps decrease | (12) | (13) |

**30 Financial instruments and financial risks (Continued)**

***Market risks (Continued)***

Interest rate risk (Continued)

**Interest rate benchmark reform and associated risks**

In view of the reform of major interest rate benchmarks that is being undertaken globally, the Group monitors and manages its potential transition to alternative rates, as applicable. The Group evaluates the contracts that could be affected, and takes a proactive approach in approaching the relevant counterparties to discuss about and assess the potential impact on the Group.

The Group applied the practical expedient under the Phase 2 amendments to SFRS(I) 9, SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement* and SFRS(I) 7 *Financial Instruments: Disclosures*, which assist entities in applying the Standards when changes are made to contractual cash flows or hedging relationships because of the ongoing reform of inter-bank offered rates ("IBOR") and other interest rate benchmarks (the "reform"), to not consider whether the changes required by the Reform to contractual cash flows of financial instrument measured at amortised cost would result in the derecognition of the financial asset or financial liability. Instead, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate used. The exception applies only to the extent that the change is required by interest rate benchmark reform when both of these conditions are met:

a) the change is necessary as a direct consequence of the reform; and
b) the new basis for determining the contractual cash flows as a result of the reform is economically equivalent to the previous basis.

As of 31 December 2022, in relation to the aforementioned, the Group is mainly exposed to non-derivative financial liabilities in the form of bank borrowings that are indexed to SIBOR. The Group will communicate with the counterparties to discuss the changes required as a result of the reform.

The following table contains details of the financial instruments that the Group hold as at 31 December 2022 that have cash flows that will be affected by the interest rate benchmark reform as they have not yet transitioned to new benchmark rates.

| Financial instruments prior to transition | Financial instrument maturity year | Carrying amount | Fair value | Transition progress to new benchmark rates |
|---|---|---|---|---|
| | | $'000 | $'000 | |
| **Group** | | | | |
| **Non derivative financial instrument** | | | | |
| Term loans | 2025 - 2032 | 4,455 | 4,455 | Not transited |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 31 Fair value of assets and liabilities

The carrying amounts of cash and bank balances, trade and other receivables and payables are approximate their respective fair values due to the relative short-term maturity of these financial instruments. The carrying amounts of the bank borrowings and finance lease payables approximate their fair values as they are subjected to floating interest rates and at prevailing market rate respectively.

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are 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.

The table below analyses the Group's assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition.

| | Note | | Group | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | | $'000 | $'000 | $'000 |
| **Recurring fair value measurement** | | | | |
| **2022** | | | | |
| **Financial asset:** | | | | |
| Financial asset at FVTPL | | | | |
| - Unquoted equity instrument | 20 | - | - | 387 |

**31 Fair value of assets and liabilities (Continued)**

**Level 3**

**Other investment - Unquoted equity instrument – at FVTPL**

The unquoted equity instrument classified at FVTPL has no fixed maturity date or coupon rate and are denominated in Singapore Dollar. The fair values of these instrument was valued using the income method - discounted cash flows as the management is able to reasonably predict the net cash flows of the project during the contractual period.

The method estimates the present value of the expected future cash flows to be derived from the ownership of the equity instrument. A cost of equity is applied to the projected cash flows in order to determine the present value of the cash flows.

*Summary of the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements.*

| Description | Valuation technique | Unobservable inputs | Rate | Fair value at 31 December 2022 $'000 | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| **Financial asset at FVTPL:** | | | | | |
| - Unquoted equity instrument | Income method - Discounted cash flows | Cost of equity, adjusted for exercise price of call and put option (Note 20) | 10.04% | 387 | An increase will result in a decreased in fair value |

**Valuation policies and procedures**

The management oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

It is the Group's policy that where assessed necessary by the local management, the Group would engage experts to perform significant financial reporting valuations. The management is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

The management also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

The analysis and results of the external valuations are then presented to the Board of Directors for approval.

During the financial year, there is no change in the applicable valuation techniques.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 32 Capital management policies and objectives

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

The capital structure of the Group consists of debts, which includes the borrowings and lease liabilities disclosed in Note 22 and Note 23 and equity attributable to owners of the Company, comprising issued capital as disclosed in Note 25.

The Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from 2021 and 2022.

Management monitors capital based on a gearing ratio and the gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables and lease liabilities less cash and cash equivalent.

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| Net debt ($'000) | 6,963 | 13,824 |
| Total equity ($'000) | 28,035 | 17,979 |
| Gearing ratio | 25% | 77% |

## 33 Event subsequent to the reporting date

Alpina Holdings Limited has on 15 March 2023 entered into a non-binding term sheet with Dacai Pte. Ltd., a company incorporated in Singapore, and Mr. Dong Cai in relation to the proposed acquisition of the entire issued and paid-up share capital of Wan Dormitory Pte. Ltd..

As at the date of announcement on 15 March 2023, Wan Dormitory Pte. Ltd. is a company incorporated in Singapore and is the registered owner of the property situated at 180 Woodlands Industrial Park E5, Singapore 757512. It is primarily engaged in the operation of a dormitory situated at the aforementioned location.

The rationale for the proposed acquisition was that the Group notes that there is a shortage of dormitories in Singapore, and the Group has faced difficulties in expanding its foreign worker workforce due to the lack of available dormitories. The Group intends to acquire Wan Dormitory Pte. Ltd. as an investment, as well as for the Group's own use as additional dormitory space for its workers. The proposed purchase consideration is $24,000,000.

Pursuant to the term sheet, Alpina Holdings Limited, with the 2 existing shareholders of Wan Dormitory Pte. Ltd., Dacai Pte. Ltd. and Mr. Dong Cai, shall finalised and enter into the definitive agreements for the proposed acquisition by 12 September 2023.

# **STATISTICS OF** SHAREHOLDINGS

AS AT 17 MARCH 2023

| | | |
|---|---|---|
| Issued and fully paid-up capital | : | S$22,615,000 |
| Class of shares | : | Ordinary shares |
| Voting rights | : | One vote per ordinary share |
| Number of issued shares | : | 184,340,000 |
| Number of treasury shares | : | Nil |
| Number of subsidiary holdings | : | Nil |

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 100 – 1,000 | 6 | 3.49 | 4,500 | 0.00 |
| 1,001 – 10,000 | 41 | 23.84 | 302,600 | 0.16 |
| 10,001 – 1,000,000 | 113 | 65.70 | 13,443,000 | 7.30 |
| 1,000,001 and above | 12 | 6.97 | 170,589,900 | 92.54 |
| **TOTAL** | **172** | **100.00** | **184,340,000** | **100.00** |

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

| Name of Substantial Shareholders | Direct Interest | %[3] | Deemed Interest | %[3] |
|---|---|---|---|---|
| Skky Investments Pte. Ltd.[1] | 81,037,000 | 43.96 | – | – |
| Lezo Holdings Pte. Ltd.[2] | 66,303,000 | 35.97 | – | – |
| Low Siong Yong[1] | – | – | 81,037,000 | 43.96 |
| Tai Yoon On[2] | – | – | 66,303,000 | 35.97 |

**Notes**:

(1) Mr. Low Siong Yong owns the entire issued and paid-up share capital of Skky Investments Pte. Ltd. and is its sole director. Accordingly, pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore ("**SFA**"), Mr. Low Siong Yong is treated as having an interest in the shares in the issued share capital of the Company ("**Shares**") held by Skky Investments Pte. Ltd.. The Shares held by Skky Investments Pte. Ltd. are registered in the name of HSBC (Singapore) Nominees Pte Ltd.

(2) Mr. Tai Yoon On owns the entire issued and paid-up share capital of Lezo Holdings Pte. Ltd. and is its sole director. Accordingly, pursuant to Section 4 of the SFA, Mr. Tai Yoon On is treated as having an interest in the Shares held by Lezo Holdings Pte. Ltd..

(3) The percentage is calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) comprising 184,340,000 Shares.

# STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2023

## TWENTY LARGEST SHAREHOLDERS

| No. | Name of Shareholders | Number of Shares | % |
|---|---|---|---|
| 1. | HSBC (SINGAPORE) NOMINEES PTE LTD | 81,216,000 | 44.06 |
| 2. | LEZO HOLDINGS PTE. LTD. | 66,303,000 | 35.97 |
| 3. | UOB KAY HIAN PRIVATE LIMITED | 7,622,300 | 4.13 |
| 4. | MAH BOW TAN | 3,228,000 | 1.75 |
| 5. | BICO HOLDINGS PTE LTD | 2,080,000 | 1.13 |
| 6. | CHONG WENG CHIEW | 1,880,000 | 1.02 |
| 7. | BNP PARIBAS NOMINEES SINGAPORE PTE. LTD. | 1,842,000 | 1.00 |
| 8. | LEE SEUNG MAN | 1,643,500 | 0.89 |
| 9. | DBS NOMINEES (PRIVATE) LIMITED | 1,364,300 | 0.74 |
| 10. | BEH SIM LIM | 1,348,000 | 0.73 |
| 11. | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 1,043,000 | 0.57 |
| 12. | OCBC SECURITIES PRIVATE LIMITED | 1,019,800 | 0.55 |
| 13. | AMY ONG POH LING (AMY WANG BAOLING) | 667,800 | 0.36 |
| 14. | ABN AMRO CLEARING BANK N.V. | 661,800 | 0.36 |
| 15. | RAFFLES NOMINEES (PTE.) LIMITED | 613,800 | 0.33 |
| 16. | IFAST FINANCIAL PTE. LTD. | 455,900 | 0.25 |
| 17. | HARALALKA ATIMA | 450,000 | 0.24 |
| 18. | TOE TEOW HENG | 448,000 | 0.24 |
| 19. | MAYBANK SECURITIES PTE. LTD. | 414,500 | 0.22 |
| 20. | LIM THENG SIAN | 400,000 | 0.22 |
| | **Total:** | **174,701,700** | **94.76** |

## PERCENTAGE OF SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 17 March 2023, approximately 20.07% of the Shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

# **NOTICE** OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting ("**AGM**") of Alpina Holdings Limited (the "**Company**") will be convened and held at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118 on Thursday, 27 April 2023 at 10.00 a.m. for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive and adopt the directors' statement and the audited financial statements of the Company for the financial year ended 31 December 2022 ("**FY2022**") together with the independent auditors' report thereon.
**(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of 0.1085 Singapore cents per ordinary share ("**Share**") for FY2022.
**(Resolution 2)**

3. To approve the payment of directors' fees of S$120,000 for the financial year ending 31 December 2023, payable half-yearly in arrears.
**(Resolution 3)**

4. To re-elect Mr. Tai Yoon On as a director of the Company ("**Director**"), who is retiring pursuant to Regulation 100 of the constitution of the Company ("**Constitution**"), and who, being eligible, offers himself for re-election.
*(See Explanatory Note 1)* **(Resolution 4)**

5. To re-elect Mr. Own Seak Chin @ Woon Seak Chin ("**Mr. Marcus Woon**") as a Director, who is retiring pursuant to Regulation 100 of the Constitution, and who, being eligible, offers himself for re-election.
*(See Explanatory Note 2)* **(Resolution 5)**

6. To re-appoint Messrs Mazars LLP as the auditors of the Company and to authorise the Directors to fix their remuneration.
**(Resolution 6)**

7. To transact any other ordinary business which may properly be transacted at an AGM.

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue new Shares**

That pursuant to Section 161 of the Companies Act 1967 ("**Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Directors be and hereby authorised and empowered to:

(a) (i) allot and issue Shares whether by way of rights, bonus or otherwise; and/or

(ii) 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) options, warrants, debentures or other instruments convertible into Shares,

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; and

# **NOTICE** OF ANNUAL GENERAL MEETING

(b) (notwithstanding that 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,

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 pursuant to this resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (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 existing shareholders of the Company ("**Shareholders**") shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation 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 total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this resolution, after adjusting for:

   (a) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

   (b) new Shares arising from exercising of share options or vesting of share awards; and

   (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall 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 3)* **(Resolution 7)**

9. **Renewal of the General Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Catalist Rules:

(a) approval be and is hereby given for the renewal of the general mandate permitting the Company, its subsidiaries and associated companies to enter into any of the transactions falling within the categories of interested person transactions ("**Mandated Transactions**") as set out in the appendix ("**Appendix**") to this notice of AGM ("**Notice**") with any party who is of the class of interested persons described in the Appendix, provided that such Mandated Transactions are carried out on normal commercial terms which are not prejudicial to the interests of the Company and its minority Shareholders and are in accordance with the review procedures for such Mandated Transactions as set out in the Appendix ("**IPT General Mandate**");

# **NOTICE** OF ANNUAL GENERAL MEETING

(b) the IPT General Mandate 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; and

(c) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT General Mandate as they may think fit.
*(See Explanatory Note 4)* **(Resolution 8)**

**Explanatory Notes:**

(1) Mr. Tai Yoon On will, upon re-election as a Director, remain as an Executive Director of the Company. Pursuant to Rule 720(5) of the Catalist Rules, further information on Mr. Tai Yoon On is set out on pages 119 to 123 of the Company's annual report for FY2022 ("**FY2022 Annual Report**").

(2) Mr. Marcus Woon will, upon re-election as a Director, remain as an Independent Non-Executive Director, the Chairman of the audit committee and a member of the nominating committee and the remuneration committee of the Company. The board of Directors of the Company considers Mr. Marcus Woon to be independent for the purpose of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, further information on Mr. Marcus Woon is set out on pages 119 to 123 of the FY2022 Annual Report.

(3) Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors, 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, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holding), of which up to fifty per centum (50%) may be issued other than on a *pro-rata* basis to Shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holding) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holding) 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 are outstanding or subsisting at the time when this resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(4) Ordinary Resolution 8 in item 9 above, if passed, will authorise the Mandated Transactions as described in the Appendix and recurring in the year and will empower the Directors to do all acts necessary to give effect to the IPT General Mandate. This authority will, unless revoked or varied by the Company in a general meeting, expire at 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. Further information in relation to the proposed renewal of the IPT General Mandate is set out in the Appendix.

# **NOTICE** OF ANNUAL GENERAL MEETING

**NOTICE OF RECORD AND DIVIDEND PAYMENT DATES**

**NOTICE IS HEREBY GIVEN** that, subject to Shareholders' approval for the proposed final tax exempt (one-tier) dividend of 0.1085 Singapore cents per Share for FY2022 ("**Proposed Final Dividend**") at the forthcoming AGM of the Company to be held at 10.00 a.m. on 27 April 2023, the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 10 May 2023 for the purpose of determining members' entitlements to the Proposed Final Dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5.00 p.m. on 10 May 2023 will be registered to determine members' entitlements to the Proposed Final Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with the Shares as at 5.00 p.m. on 10 May 2023 will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved by members of the Company at the forthcoming AGM of the Company to be held at 10.00 a.m. on 27 April 2023, will be paid on 19 May 2023.

**BY ORDER OF THE BOARD**

Ong Wei Jin
Tan SzeRui Colette
Joint Company Secretaries
Singapore, 12 April 2023

**IMPORTANT NOTICE TO MEMBERS REGARDING THE COMPANY'S AGM**

**PARTICIPATION IN THE AGM**

1. The AGM will be held in a wholly physical format at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118. There will be no option for members of the Company ("**Members**") to participate at the AGM by way of electronic means. Printed copies of this Notice of AGM, the Proxy Form and the FY2022 Annual Report will NOT be sent to Members. Instead, these documents will be made available on the SGXNET at https://www.sgx.com/securities/company-announcements and the Company's website at https://alpinaholdings.com.sg/.

2. Please bring along your NRIC/passport to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process. Members are advised not to attend the AGM if they are feeling unwell and to consider instead appointing a proxy/proxies to attend the AGM. Investors who hold Shares through relevant intermediaries as defined in Section 181 of the Act, including Central Provident Fund ("**CPF**") Investment Scheme investors ("**CPF Investors**") and Supplementary Retirement Scheme ("**SRS**") investors ("**SRS Investors**"), and who wish to participate in the AGM should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on Monday, 17 April 2023) for the relevant agents to make arrangements for such investors to participate in the AGM. Please refer to Note 7 below for more information.

**VOTING BY PROXY**

3. A Member who wishes to appoint a proxy/proxies to attend, speak and vote at the AGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon. The proxy must bring along his/her NRIC/passport to enable the Company to verify his/her identity.

# **NOTICE** OF ANNUAL GENERAL MEETING

4. A proxy need not be a Member.

5. In relation to the appointment of proxy/proxies to attend, speak and vote on his/her/its behalf at the AGM, a Member (whether individual or corporate) appointing his/her/its proxy/proxies should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instruction as to voting is given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Act or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

7. The instrument appointing the proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be submitted in one of the following manners:

   (i) if sent personally or by post, be deposited at the registered office of the Company at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118; or

   (ii) if by email, be sent by email to enquiry@alpinaholdings.com.sg,

   in any case, by 10.00 a.m. on Monday, 24 April 2023, being not less than seventy-two (72) hours before the AGM.

   **Members are strongly encouraged to submit completed proxy forms electronically *via* email**.

   A Member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory. A proxy may cast undirected proxy votes as he/she deems fit.

8. (a) A Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such Member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

   (b) A Member who is a relevant intermediary is entitled to appoint more than two (2) 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 (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

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

9. Investors who hold Shares through relevant intermediaries, including CPF Investors and SRS Investors, and who wish for their votes to be cast at the AGM should contact their respective CPF Agent Banks or SRS Operators so that the necessary arrangements can be made by the relevant agents: (a) to appoint the Chairman of the AGM as proxy at the AGM, in which case the investor shall be precluded from attending the AGM personally; or (b) where the CPF Investor or SRS Investor wishes to personally attend and cast their vote at the AGM, to appoint the CPF Investor or SRS Investor as proxy. CPF/SRS Investors should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on Monday, 17 April 2023) to ensure that their votes will be submitted.

# NOTICE OF ANNUAL GENERAL MEETING

10. The Company shall be entitled to reject the instrument appointing a proxy/proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument.

**SUBMISSION OF QUESTIONS PRIOR TO THE AGM**

Members are invited to ask questions relating to the resolutions to be tabled at the AGM during the AGM. Members may also submit their questions in advance of the AGM. **We strongly encourage Members to submit questions in advance of the AGM to ensure that sufficient time may be dedicated to answering their questions.**

To submit questions in advance of the AGM, Members may submit their questions by email to enquiry@alpinaholdings.com.sg. The Company shall address relevant and substantial questions received and publish the minutes of the AGM on the SGXNet, and the Company's website within one (1) month after the date of the AGM. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

When submitting questions, Members or their corporate representative must state his/her full name, and whether he/she is a Member or a corporate representative of a corporate Member (and in the latter case, the name of the corporate Member), the Member's identification or registration number, and the manner in which his/her/its shares in the Company are held (e.g. via a Central Depository Account (CDP), CPF and/or SRS), failing which the Company shall be entitled to regard the submission as invalid and not address the questions submitted.

**PERSONAL DATA PRIVACY:**

By (a) submitting an instrument appointing a proxy/proxies and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, and/or (b) submitting any question prior to the AGM in accordance with this Notice, a Member 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) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof);

(ii) addressing relevant and substantial questions from Members and if necessary, following up with the relevant Members in relation to such questions;

(iii) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

A Member also warrants that where the Member discloses the personal data of the Member's proxy/proxies and/or representative(s) to the Company (or its agents or service providers), the Member has obtained the prior consent of such proxy/proxies and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy/proxies and/or representative(s) for the Purposes.

A Member 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 the warranties in this section.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F of the Catalist Rules on the Directors who are retiring in accordance with the Company's constitution and seeking re-appointment as Directors at the forthcoming AGM is set out below:

| | **Own Seak Chin @ Woon Seak Chin ("Marcus Woon")** | **Tai Yoon On** |
|---|---|---|
| Date of appointment | 30 December 2021 | 8 November 2021 |
| Date of last re-appointment | 27 June 2022 | Not applicable |
| Age | 45 | 47 |
| Country of principal residence | Singapore | Singapore |
| The Board's comments on the appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr. Marcus Woon as a Non-Executive and Independent Director of the Company was recommended by the Nominating Committee ("**NC**") and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director. | The re-election of Mr. Tai Yoon On as an Executive Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director. |
| Whether the appointment is executive, and if so the area of responsibility | Non-Executive | Executive. Mr. Tai Yoon On is responsible for the management and supervision of our Group. |
| Job title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Executive Independent Director, Chairman of the Audit Committee of the Company and a member of the NC and the Remuneration Committee of the Company | Executive Director |
| Professional qualifications | – Third Level Group Diploma in Accounting from London Chamber of Commerce & Industry<br>– Fellow of the Association of Chartered Certified Accountants (ACCA) | – Skills Evaluation Certificate in Electrical Wiring Installation from the Singapore Construction Industry Development Board |
| Working experience and occupation(s) during the past 10 years | October 2011 to present: Financial Controller and Director of Eaton Industries Pte. Ltd.<br><br>October 2009 to September 2011: Financial Controller of Dynamic Colours Limited | November 2021 to present: Executive Director of the Company<br><br>February 2015 to June 2022: General Manager of Kontourz<br><br>March 2006 to June 2022: Operations Director of Digo Corporation |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | Own Seak Chin @ Woon Seak Chin (“Marcus Woon”) | Tai Yoon On |
|---|---|---|
| Shareholding interest in the listed issuer and its subsidiaries | Nil | Deemed interest in 66,303,000 ordinary shares in the issued share capital of the Company (“**Shares**”), representing approximately 36.0% of the total issued Shares.<br><br>Mr. Tai Yoon On owns the entire issued and paid-up share capital of Lezo Holdings Pte. Ltd. (“**Lezo Holdings**”) and is its sole director. Accordingly, he is deemed to be interested in the 66,303,000 Shares held by Lezo Holdings by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore. |
| 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 | Nil | Mr. Tai Yoon On owns the entire issued and paid-up share capital of Lezo Holdings, a controlling shareholder of the Company, and is its sole director. |
| Conflict of interest (including any competing business) | Nil | Nil |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |
| Present Directorships and other Principal Commitments | Present Directorships:<br>Eaton Industries Pte. Ltd.<br><br>Other Principal Commitments:<br>Nil | Present Directorships:<br>Digo Corporation<br>Lezo Holdings<br>Avant Grade Investments Limited<br>Skyhigh Pervade International Limited<br>K-kay Holdings Limited<br><br>Other Principal Commitments:<br>Nil |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | | Own Seak Chin @ Woon Seak Chin ("Marcus Woon") | Tai Yoon On |
|---|---|---|---|
| Past (for the last 5 years) Directorships and other Principal Commitments | | Past Directorships:<br>Nil<br><br>Principal Commitments:<br>Nil | Past Directorships:<br>Star Gain Development Limited<br><br>Principal Commitments:<br>Nil |
| a | Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No |
| b | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No |
| c | Whether there is any unsatisfied judgment against him? | No | No |
| d | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | | Own Seak Chin @ Woon Seak Chin ("Marcus Woon") | Tai Yoon On |
|---|---|---|---|
| e | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No |
| f | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| g | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| h | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |
| i | Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | | Own Seak Chin @ Woon Seak Chin ("Marcus Woon") | Tai Yoon On |
|---|---|---|---|
| j | Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: | | |
| | (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No |
| | (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No |
| | (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No |
| | (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No |
| k | Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No |

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# ALPINA HOLDINGS LIMITED

(Company Registration No. 202138650H)
(Incorporated in the Republic of Singapore)

**IMPORTANT:**

1. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) may appoint more than two (2) proxies to attend, speak and vote at the annual general meeting ("**AGM**").
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund ("**CPF**") Investment Scheme ("**CPFIS**")/Supplementary Retirement Scheme ("**SRS**") investors who hold the Company's shares through CPF Agent Banks/SRS Operators.
3. Investors who hold shares through relevant intermediaries, including CPFIS investors ("**CPF Investors**") and/or SRS investors ("**SRS Investors**") and who wish for their votes to be cast at the AGM should contact their respective CPF Agent Banks or SRS Operators so that the necessary arrangements can be made by the relevant agents: (a) to appoint the Chairman as proxy at the AGM, in which case the investor shall be precluded from attending the AGM personally; or (b) where the CPF Investor or SRS Investor wishes to personally attend and cast their vote at the AGM, to appoint the CPF Investor or SRS Investor as proxy. CPF/SRS Investors should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on Monday, 17 April 2023) to ensure that their votes will be submitted.
4. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy to attend, speak and vote on a member's behalf at the AGM.**

**Personal Data Privacy:** By submitting an instrument appointing a proxy/proxies and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2023.

**PROXY FORM**
**ANNUAL GENERAL MEETING**
*(Please see notes overleaf before completing this Form)*

*I/We, ____________________ (Name) ____________ (NRIC/Passport/Co Reg No.)

of ____________________________________ (Address)
being a *member/members of Alpina Holdings Limited (the "**Company**"), hereby appoint:

| Name | Address | *NRIC/Passport No. | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |
| | | | |

*and/or (delete where appropriate)

| Name | Address | *NRIC/Passport No. | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |
| | | | |

or **failing *him/her/them, the Chairman of the AGM** as *my/our proxy to attend and vote for *me/us on *my/our behalf at the AGM to be held physically on Thursday, 27 April 2023 at 10.00 a.m. at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118 and at any adjournment thereof.

All resolutions put to the vote at the AGM shall be conducted by poll. Where the Chairman of the AGM is appointed as *my/our proxy/proxies, *I/we acknowledge that the Chairman of the AGM may exercise *my/our proxy/proxies even if he has an interest in the outcome of the resolutions.

*I/We direct *my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

* Please delete accordingly

If you wish for your proxy to cast all your votes "For" or "Against" a resolution, please tick (√) within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution.

If you wish for your proxy to abstain from voting on a resolution, please tick (√) in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of votes that your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution.

| No. | Ordinary Resolutions | Number of Votes 'For' | Number of Votes 'Against' | Number of Votes 'Abstain' |
|---|---|---|---|---|
| 1 | Receive and adopt the directors' statement and the audited financial statements of the Company for the financial year ended 31 December 2022 ("**FY2022**") | | | |
| 2 | Payment of a final tax exempt (one-tier) dividend of 0.1085 Singapore cents per ordinary share ("**Share**") for FY2022 | | | |
| 3 | Approval of directors' fees of S$120,000 for the financial year ending 31 December 2023, to be paid half yearly in arrears | | | |
| 4 | Re-election of Mr. Tai Yoon On as a director of the Company ("**Director**") | | | |
| 5 | Re-election of Mr. Marcus Woon as a Director | | | |
| 6 | Re-appointment of Messrs Mazars LLP as the auditors of the Company | | | |
| 7 | Authority to allot and issue Shares | | | |
| 8 | Renewal of the general mandate for interested person transactions | | | |

Dated this ________ day of ______________ 2023

| Total number of Shares in: | No. of Shares |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

______________________________
*Signature of Member(s)*
*or, Common Seal of Corporate Member*

*Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM**

**Notes:**

1. A member of the Company ("**Member**") who wishes to appoint a proxy/proxies to attend, speak and vote at the AGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon.

2. A proxy need not be a Member. The proxy must bring along his/her NRIC/passport when attending the AGM so as to enable the Company to verify his/her identity.

3. 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, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy/proxies shall be deemed to relate to all the Shares held by you.

4. In relation to the appointment of a proxy/proxies to attend, speak and vote on his/her/its behalf at the AGM, a Member (whether individual or corporate) appointing his/her/its proxy/proxies should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion. A Member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.

5. The instrument appointing a proxy/proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

6. The instrument appointing a proxy/proxies, together with the any other documents required under Note 5 above, must be:

    (a) if sent personally or by post, the proxy form must be deposited at the registered office of the Company at **54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118**; or

    (b) if by email, the proxy form must be sent to enquiry@alpinaholdings.com.sg,

    in any case, by **10.00 a.m. on Monday, 24 April 2023**, being not less than seventy-two (72) hours before the AGM, failing which the Company shall be entitled to regard the instrument of proxy as invalid.

    **Members are strongly encouraged to submit completed proxy forms electronically via email.**

7. (a) A Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such Member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

    (b) A Member who is a relevant intermediary is entitled to appoint more than two (2) 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 (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

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

8. The Company shall be entitled to reject the instrument appointing a proxy/proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies, save that where the only irregularity in the instrument is that the appointer has not specified how the proxy shall vote in respect to any resolution(s), the proxy may vote as he/she thinks fit. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the appointer is not shown to have Shares entered 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) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2023.

# **APPENDIX** IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 12 APRIL 2023

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS HEREIN OR AS TO ANY ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BROKER, BANK MANAGER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

This Appendix (as defined herein) is circulated to the shareholders ("**Shareholders**") of Alpina Holdings Limited ("**Company**") together with the Company's annual report for the financial year ended 31 December 2022 ("**Annual Report**"). The purpose of this Appendix is to provide information to Shareholders in relation to, and seek Shareholders' approval for, the proposed renewal of the IPT General Mandate (as defined herein) to be tabled at the annual general meeting of the Company ("**AGM**") to be held at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118, on 27 April 2023 at 10.00 a.m.. Shareholders will be able to attend the AGM physically and will not be able to attend by way of electronic means. The notice of AGM and Proxy Form are made available to Shareholders on the same date hereof, via SGXNET and the Company's website.

The notice of AGM dated 12 April 2023 ("**Notice of AGM**") and the Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your ordinary shares in the capital of the Company, held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the Company represented by physical share certificate(s), you should immediately forward this Appendix to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

*This Appendix has been prepared by the Company and has been reviewed by the Company's sponsor, United Overseas Bank Limited ("**Sponsor**"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). This Appendix has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The contact person for the Sponsor is Mr. Lim Hoon Khiat, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.*

**ALPINA HOLDINGS LIMITED**

(Company Registration No.: 202138650H)

(Incorporated in the Republic of Singapore on 8 November 2021)

**APPENDIX IN RELATION TO**

**THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE**

# APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 12 APRIL 2023

## CONTENTS

# **APPENDIX** IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 12 APRIL 2023

## DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

| | | |
|---|---|---|
| "**Accentury**" | : | Accentury Pte. Ltd. |
| "**AGM**" | : | The annual general meeting of the Company to be held on 27 April 2023 at 10.00 a.m. |
| "**Appendix**" | : | This appendix to Shareholders in relation to the proposed renewal of the IPT General Mandate |
| "**Associate**" | : | (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:<br>(i) his immediate family (being his spouse, child, adopted child, step-child, sibling and parent);<br>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and<br>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more<br>(b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more |
| "**Audit Committee**" | : | The audit committee of the Company as at the date of this Appendix or from time to time, as the case may be |
| "**Board**" or "**Board of Directors**" | : | The board of directors as at the date of this Appendix or from time to time, as the case may be |
| "**Catalist**" | : | The Catalist Board of the SGX-ST |
| "**Catalist Rules**" | : | The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time |
| "**CDP**" | : | The Central Depository (Pte) Limited |
| "**Companies Act**" | : | The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time |
| "**Company**" | : | Alpina Holdings Limited |

# APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 12 APRIL 2023

| | | |
|---|---|---|
| "**Controlling Shareholder**" | : | A person who:<br><br>(a) holds directly or indirectly 15% or more of the nominal amount of all voting Shares (unless otherwise determined by the SGX-ST); or<br><br>(b) in fact exercises control over the Company |
| "**CFO**" | : | Chief financial officer of the Company |
| "**Director**" | : | A director of the Company as at the date of this Appendix or from time to time, as the case may be |
| "**EAR Group**" | : | For the purposes of the IPT General Mandate, collectively:<br><br>(a) the Company;<br><br>(b) the subsidiaries of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); and<br><br>(c) the associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and its interested person(s), has or have control,<br><br>and each of them, an "**Entity at Risk**" |
| "**Group**" | : | The Company and its subsidiaries |
| "**Independent Directors**" | : | The Directors who are considered independent for the purpose of the proposed renewal of the IPT General Mandate, namely Mr. Marcus Woon, Mr. Chan Jer Hiang and Mr. Ong Beng Chye |
| "**Independent Shareholders**" | : | Shareholders who are deemed to be independent for the purpose of voting on the proposed renewal of the IPT General Mandate |
| "**Interested Person**" | : | Has the meaning ascribed to it under Chapter 9 of the Catalist Rules |
| "**Interested Person Transaction**" | : | Has the meaning ascribed to it under Chapter 9 of the Catalist Rules |
| "**IPT General Mandate**" | : | The general mandate approved by Shareholders for the EAR Group to enter into the Mandated Transactions with the Mandated Interested Person in compliance with Chapter 9 of the Catalist Rules and for which renewal is being sought at the forthcoming AGM, as further described in this Appendix |
| "**IPT Mandate File**" | : | Has the meaning ascribed to it in Section 2.7 of this Appendix |
| "**IPT Register**" | : | Has the meaning ascribed to it in Section 2.7 of this Appendix |
| "**Latest Practicable Date**" | : | 3 April 2023, being the latest practicable date prior to the issuance of this Appendix |
| "**Lezo Holdings**" | : | Lezo Holdings Pte. Ltd. |

# **APPENDIX** IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 12 APRIL 2023

| | | |
|---|---|---|
| "**Mandated Interested Person**" | : | Has the meaning ascribed to it in Section 2.1 of this Appendix |
| "**Mandated Transactions**" | : | Has the meaning ascribed to it in Section 2.2 of this Appendix |
| "**Marcus Woon**" | : | Own Seak Chin @ Woon Seak Chin |
| "**Offer Document**" | : | The offer document dated 21 January 2022 issued by the Company in respect of the listing of the Company on Catalist |
| "**NTA**" | : | Net tangible assets |
| "**Securities Account**" | : | The securities account maintained by a Depositor with CDP, but does not include a securities sub-account |
| "**Securities and Futures Act**" or "**SFA**" | : | The Securities and Futures Act 2001 of Singapore, as amended, supplemented or modified from time to time |
| "**SGX-ST**" | : | Singapore Exchange Securities Trading Limited |
| "**Shareholders**" | : | Registered holders of Shares, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares |
| "**Shares**" | : | Ordinary shares in the capital of the Company |
| "**Skky Investments**" | : | Skky Investments Pte. Ltd. |
| "**Substantial Shareholder**" | : | Persons who have an interest in one (1) or more voting Shares, and the total votes attaching to that Share or those Shares, represent not less than 5.0% of the total votes attaching to all the voting Shares |
| "**S$**" and "**cents**" | : | Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore |

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory or regulatory modification thereof and used in this Appendix shall, where applicable, has the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Appendix shall be a reference to Singapore time, unless otherwise stated. Any discrepancies in this Appendix between the amounts listed and the total thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

# APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 12 APRIL 2023

## LETTER TO SHAREHOLDERS

**ALPINA HOLDINGS LIMITED**
(Company Registration No.: 202138650H)
(Incorporated in the Republic of Singapore on 8 November 2021)

**Board of Directors:**
Mr. Low Siong Yong (Executive Chairman and Chief Executive Officer)
Mr. Tai Yoon On (Executive Director)
Mr. Ong Beng Chye (Non-Executive, Lead Independent Director)
Mr. Chan Jer Hiang (Non-Executive, Independent Director)
Mr. Marcus Woon (Non-Executive, Independent Director)

**Registered Office:**
54 Senoko Road
Woodlands East Industrial Estate
Singapore 758118

12 April 2023

Dear Sir/Madam,

**PROPOSED RENEWAL OF THE IPT GENERAL MANDATE**

**1. INTRODUCTION**

We refer to the Notice of AGM dated 12 April 2023 in respect of the forthcoming AGM to be held at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118, on 27 April 2023 at 10.00 a.m.. Resolution 10 as set out under the heading "Special Business" in the Notice of AGM is an ordinary resolution for the proposed renewal of the IPT General Mandate.

The Company had, at the annual general meeting held on 27 June 2022, obtained the approval of Shareholders for the renewal of the IPT General Mandate.

The IPT General Mandate will expire at the forthcoming AGM unless it is renewed by Shareholders. Accordingly, the Company intends to seek a renewal of the IPT General Mandate at the forthcoming AGM. If approval is obtained from Shareholders at the forthcoming AGM, the IPT General Mandate will be renewed with effect from the date of the passing of the ordinary resolution in relation to the proposed renewal of the IPT General Mandate, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the date on which the next annual general meeting is held or is required by law to be held, whichever is earlier. Thereafter, the Company will seek the approval of the Independent Shareholders for a renewal of the IPT General Mandate at each subsequent annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Mandated Interested Person.

The purpose of this Appendix is to provide Shareholders with information relating to, and explaining the rationale for, the proposed renewal of the IPT General Mandate, and to seek Shareholders' approval for the ordinary resolution in relation to the proposed renewal of the IPT General Mandate at the forthcoming AGM.

# APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 12 APRIL 2023

## 2. PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

### 2.1 Name of the Mandated Interested Person

The IPT General Mandate applies to the Mandated Transactions that are carried out between any Entity at Risk and Accentury ("**Mandated Interested Person**").

Accentury is an exempt private company limited by shares incorporated in Singapore on 3 April 2008, engaged in the trading of electric components and lighting equipment. Its shareholders are Ms. Pow Pei San (Ms. Bao Peishan) and Ms. Cheng Chew Hun, who are the spouses of Mr. Low Siong Yong and Mr. Tai Yoon On, and who hold 55.0% and 45.0% of the issued and paid-up shares of Accentury, on trust for Mr. Low Siong Yong and Mr. Tai Yoon On respectively. Mr. Low Siong Yong and Mr. Tai Yoon On are Directors and Controlling Shareholders, and accordingly, Accentury is deemed to be an Interested Person and transactions between the Group and Accentury are deemed Interested Person Transactions.

### 2.2 Categories of Mandated Transactions

From time to time, the EAR Group purchases electrical components, lighting equipment and related spare parts from the Mandated Interested Person for its business (the "**Mandated Transactions**"). The Mandated Transactions relate to the provision to, or obtaining from, the Mandated Interested Persons of products and services in the ordinary course of business of the EAR Group or which are necessary for the EAR Group's day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses.

Transactions between the Mandated Interested Person and the EAR Group which do not fall within the ambit of the Mandated Transactions shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules and such guidelines as set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions" of the Offer Document.

### 2.3 Rationale for and benefits of the IPT General Mandate

Given the nature of the Group's business, the Group envisages that the Mandated Transactions are likely to occur from time to time, in the ordinary course of business. In view of the time-sensitive and recurrent nature of the Mandated Transactions, it would be advantageous for the Group to renew the IPT General Mandate to enable the EAR Group to enter into the Mandated Transactions, provided that the Mandated Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. The IPT General Mandate will allow the Group to purchase electrical components, lighting equipment and related spare parts that meet its requirements and specifications from a trusted and established supplier, thereby ensuring the sustainability of its operations.

The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, and convene separate general meetings from time to time to seek Independent Shareholders' approval, thereby easing administrative and financial costs, without compromising the EAR Group's business activities.

The IPT General Mandate is intended to facilitate transactions in the ordinary course of business of the EAR Group which are transacted from time to time with the Mandated Interested Person, provided that they are carried out on arm's length basis and are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

**2.4 Requirements under Chapter 9 of the Catalist Rules**

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (each known as an "entity at risk" within the meaning of Chapter 9 of the Catalist Rules) enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that such interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

An immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

In particular, an immediate announcement is required where:

(a) the value of an interested person transaction is equal to, or more than, 3.0% of the listed group's latest audited NTA; or

(b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, amounts to 3.0% or more of the listed group's latest audited NTA.

In addition to an immediate announcement, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

(a) 5.0% of the listed group's latest audited NTA; or

(b) 5.0% of the listed group's latest audited NTA, when aggregated with the values of other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S$100,000 and certain transactions listed under Rules 915 and 916 of the Catalist Rules. However, while transactions below S$100,000 are not normally aggregated, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction.

Rule 920 of the Catalist Rules allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.

**2.5 Guidelines and procedures under the IPT General Mandate**

The Audit Committee will review and approve all Interested Person Transactions to ensure that they are on normal commercial terms and on arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of the Company and its minority Shareholders in any way.

To ensure that the Mandated Transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company or its minority Shareholders, the following procedures have been implemented by the Group under the IPT General Mandate:

a. All Mandated Transactions shall be conducted in accordance with the Group's usual business practices and policies, at the prevailing market rates or prices, and on terms which are no less favourable to the Group as compared to the terms extended by unrelated third-parties (including, where applicable, preferential rates, prices, commissions or discounts accorded to customers or purchasers who have a long-term contract with the Group) or otherwise in accordance with applicable industry norms.

b. For each transaction with the Mandated Interested Person for purchase of electrical components, lighting equipment and related spare parts, the purchasing department will obtain at least two (2) quotations from unrelated third-party suppliers for comparison. The Group will only purchase from the Mandated Interested Person if the terms offered by the Mandated Interested Person are the same or more favourable than the terms offered by such unrelated third-party suppliers and taking into account other pertinent factors such as the discount offered by the Mandated Interested Person compared to the unrelated third-party suppliers, the size of the order, the quality of the electrical components, lighting equipment and related spare parts, credit terms, track record and reliability of the counterparty and delivery logistics.

c. Where it is impracticable or not possible for quotations to be obtained from unrelated third party vendors, the price and commercial terms offered by the Mandated Interested Person will be compared to those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Mandated Interested Person to its customers for such products and be based on the commercial merits of the transaction.

   In the event that it is impractical or impossible to compare the price and commercial terms with those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties, the CFO and the Independent Directors, if each of them has no interest in the transaction, or failing which, the Audit Committee, in accordance with our usual business practices and policies will, subject to the approval thresholds set out below, determine whether the price and terms offered as the case may be, are fair and reasonable. In determining the transaction price payable to the Mandated Interested Person for such products and/or services, factors such as, but not limited to, quality, quantity, requirements and specifications will be taken into account.

### 2.6 Approval threshold(s) for Mandated Transactions with the Mandated Interested Person

The approval thresholds for each Mandated Transaction are as follows:

| **Value of Mandated Transaction** | **Approval Authority** |
|---|---|
| Below 3.0% of the latest audited NTA of the Group | CFO |
| Equal or exceeds 3.0% of the latest audited NTA of the Group | CFO and Audit Committee |

In the review of the Mandated Transactions, the Independent Director may at his/her discretion obtain independent advice. If any of the approval authority has an interest in a Mandated Transaction, he/she will abstain from any review, deliberation or decision making in respect of that Mandated Transaction.

# APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 12 APRIL 2023

## 2.7 Additional review procedures for Interested Person Transactions

The Group will also implement the following procedures for the identification of Interested Persons and the record keeping of all Interested Person Transactions:

(a) the Group's finance team will maintain a list of Interested Persons and their Associates (which is to be updated immediately if there are any changes) to enable identification of the Interested Persons. The list shall be reviewed on a quarterly basis by the CFO and subject to such verifications or declarations as required by the Audit Committee for such period as determined by them. This list shall be disseminated to all relevant staff for identification of Interested Person Transaction on a timely basis;

(b) the Company will maintain a register of Interested Person Transactions, including the Mandated Transactions ("**IPT Register**"). The IPT Register will also record any Interested Person Transaction that are below S$100,000 in value, although such transactions are not required to be aggregated under Chapter 9 of the Catalist Rules. The CFO shall review the IPT Register on a quarterly basis;

(c) all documents related to the Mandated Transactions will be filed in a separate file ("**IPT Mandate File**") for ease of tracking and monitoring. The IPT Mandate File will contain all forms and checklists in relation to the Mandated Transactions. The IPT Mandate File will also contain invoices and payment vouchers in relation to the Mandated Transactions. The CFO will review the IPT Mandate File on a monthly basis;

(d) the Audit Committee shall review the IPT Register and the IPT Mandate File on a half-yearly basis (or on such other frequency as the Audit Committee may deem necessary) to ascertain that the established review procedures to monitor the Mandated Transactions have been complied with. Such review includes the examination of the transactions and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee may request for additional information pertaining to the transactions under review from independent sources, advisers or valuers as it deems fit;

(e) the Group's internal auditors will, on an annual basis, review the IPT Mandate File to ascertain that the guidelines and procedures established for the Mandated Interested Person Transactions have been adhered to. Any discrepancies or significant variances from the Group's usual business practices and pricing policies will be highlighted to the Audit Committee;

(f) if pursuant to the relevant reviews, the Audit Committee is of the view that the established review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary (such as, where relevant, to seek a fresh Shareholders' general mandate for the Mandated Transactions) to ensure that the Mandated Transactions will be conducted on arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and

(g) disclosure will be made in the interim announcements and the annual report of the Company in respect of the Mandated Transactions in accordance with Chapter 9 of the Catalist Rules.

## 3. DISCLOSURE IN FINANCIAL RESULTS ANNOUNCEMENTS AND ANNUAL REPORTS

The Company will announce the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the IPT General Mandate for the relevant financial periods which the Company is required to report on pursuant to the Catalist Rules and within the timeframe required for such announcements.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Mandated Interested Person(s) pursuant to the IPT General Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT General Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

The name of the Interested Person, nature of relationship and the corresponding aggregate value of the transactions with the Interested Person will be presented in the following format (or in such other form as the Catalist Rules may require from time to time):

| Name of Interested Person | Nature of relationship | Aggregate value of all interested person transactions during the financial year/period under review (excluding transactions less than S$100,000 and transactions conducted under the Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules) | Aggregate value of all interested person transactions conducted under the Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules during the financial year/period under review (excluding transactions less than S$100,000) |
|---|---|---|---|

## 4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee (currently comprising Mr. Marcus Woon, Mr. Chan Jer Hiang and Mr. Ong Beng Chye) has reviewed the terms of the IPT General Mandate and confirms that the method and procedures for determining the transaction prices of the Mandated Transactions under the IPT General Mandate have not changed since the IPT General Mandate was approved by Shareholders for renewal at the annual general meeting of the Company held on 27 June 2022 and that such methods and procedures, if adhered to, are sufficient to ensure that the Mandated Transactions with the Mandated Interested Person will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

## 5. INDEPENDENT DIRECTORS' RECOMMENDATION

Having fully considered, *inter alia*, the terms, rationale and benefits of the IPT General Mandate, the review procedures for the Mandated Transactions and the statement of the Audit Committee as set out in this Appendix, the Independent Directors are of the opinion that the proposed renewal of the IPT General Mandate is in the best interests of the Company and its Shareholders, and therefore recommend that Shareholders vote in favour of the ordinary resolution in relation to the proposed renewal of the IPT General Mandate at the forthcoming AGM.

# APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 12 APRIL 2023

## 6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as at Latest Practicable Date, as recorded in the Register of Director's Shareholdings and the Register of Substantial Shareholders kept by the Company, are set out below:

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | Number of Shares | %[3] | Number of Shares | %[3] |
| **Directors** | | | | |
| Mr. Low Siong Yong[1] | – | – | 81,037,000 | 43.96 |
| Mr. Tai Yoon On[2] | – | – | 66,303,000 | 35.97 |
| Mr. Ong Beng Chye | – | – | – | – |
| Mr. Chan Jer Hiang | – | – | – | – |
| Mr. Marcus Woon | – | – | – | – |
| **Substantial Shareholders (other than Directors)** | | | | |
| Skky Investments[1] | 81,037,000 | 43.96 | – | – |
| Lezo Holdings[2] | 66,303,000 | 35.97 | – | – |

**Notes:**

(1) Mr. Low Siong Yong owns the entire issued and paid-up share capital of Skky Investments and is its sole director. Accordingly, pursuant to Section 4 of the SFA, Mr. Low Siong Yong is treated as having an interest in the Shares held by Skky Investments. The Shares held by Skky Investments are registered in the name of HSBC (Singapore) Nominees Pte Ltd.

(2) Mr. Tai Yoon On owns the entire issued and paid-up share capital of Lezo Holdings and is its sole director. Accordingly, pursuant to Section 4 of the SFA, Mr. Tai Yoon On is treated as having an interest in the Shares held by Lezo Holdings.

(3) The percentages are based on the total issued and paid-up share capital of the Company comprising 184,340,000 Shares as at the Latest Practicable Date. The Company has no treasury shares.

## 7. ABSTENTION FROM VOTING

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, Interested Persons who have an interest in the IPT General Mandate and their Associates shall abstain from voting on the ordinary resolution in relation to the proposed renewal of the IPT General Mandate at the forthcoming AGM. Furthermore, such Interested Persons shall not act as proxies in relation to such resolution unless voting instructions have been given by the appointing Shareholder.

In view of the above, Mr. Low Siong Yong, the Executive Chairman and Chief Executive Officer of the Company and a Controlling Shareholder, and Mr. Tai Yoon On, the Executive Director of the Company and a Controlling Shareholder, will abstain, and have undertaken to ensure that their respective Associates will abstain, from voting on the ordinary resolution in relation to the proposed renewal of the IPT General Mandate at the forthcoming AGM, and the Company will disregard any votes cast on the resolution by such persons. They shall also not act as proxies in relation to such resolution unless specific voting instructions have been given by the appointing Shareholder.

Saved as disclosed in this Appendix, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the proposed renewal of the IPT General Mandate, other than through their respective shareholdings in the Company.

# **APPENDIX** IN RELATION TO THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

DATED 12 APRIL 2023

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after having made all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the IPT General Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118, during normal business hours from the date of this Appendix up to and including the date of the forthcoming AGM:

(a) the constitution of the Company; and

(b) the Annual Report.

Yours faithfully

For and on behalf of the Board of Directors of
**ALPINA HOLDINGS LIMITED**

**Mr. Low Siong Yong**
Executive Chairman and Chief Executive Officer

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Low Siong Yong (Executive Chairman and Chief Executive Officer)
Mr. Tai Yoon On (Executive Director)
Mr. Ong Beng Chye (Non-Executive, Lead Independent Director)
Mr. Chan Jer Hiang (Non-Executive, Independent Director)
Mr. Own Seak Chin @ Woon Seak Chin ("Marcus Woon") (Non-Executive, Independent Director)

## AUDIT COMMITTEE

Mr. Marcus Woon, Chairman
Mr. Ong Beng Chye
Mr. Chan Jer Hiang

## NOMINATING COMMITTEE

Mr. Ong Beng Chye, Chairman
Mr. Chan Jer Hiang
Mr. Marcus Woon

## REMUNERATION COMMITTEE

Mr. Chan Jer Hiang, Chairman
Mr. Marcus Woon
Mr. Ong Beng Chye

## JOINT COMPANY SECRETARIES

Mr. Ong Wei Jin
Ms. Tan Sze Rui Colette

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

54 Senoko Road
Woodlands East Industrial Estate
Singapore 758118
Telephone number: +65 6752 7477
Facsimile number: +65 6753 7477

## SHARE REGISTRAR

**BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.**
1 Habourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

## AUDITOR

**MAZARS LLP**
135 Cecil St
#10-01
Singapore 069536
Partner-in-charge: Chen Ningxin, Narissa (a member of the Institute of Singapore Chartered Accountants)
(Appointed since financial year ended 31 December 2022)

## PRINCIPAL BANKERS

**UNITED OVERSEAS BANK LIMITED**
80 Raffles Place
UOB Plaza
Singapore 048624

**RHB BANK BERHAD**
90 Cecil Street
#04-00
Singapore 069531

**ALPINA HOLDINGS LIMITED**
**(高峰控股有限公司[1])**

54 Senoko Road
Woodlands East Industrial Estate
Singapore 758118

[1] The Chinese name of our Company is not part of our registered name.