Opening Up

New Prospects

for the

FUTURE

TEHO

ANNUAL REPORT 2022

TEHO INTERNATIONAL INC LTD.

ABOUT TEHO GROUP

The TEHO Group – Multi-faceted Solutions Provider for the Marine & Offshore and Real Estate Industries

Since our establishment in 1986, TEHO Group has grown from a small, domestic rigging and mooring company to an international marine and offshore solutions provider, and a real estate developer.

As a rigging and mooring company, our focus on customer service and continuous product and staff development generated significant growth and financial stability, and led to our listing on the Singapore Exchange in 2009 as TEHO International Inc Ltd.

Since then, reflecting a commitment to deliver greater value for our stakeholders, we acquired what are now known as TEHO Engineering Pte. Ltd. and TEHO Water & Envirotec Pte. Ltd., to supply innovative products for the Marine & Offshore Industry. At the same time, we expanded our global reach of the Group's established rope and mooring business to Europe, the Americas, China, Korea and the Middle East, through wholly-owned subsidiaries and local partnerships.

In 2014, the Group diversified its business segments into the real estate business. We now operate in the areas of property development and consultancy primarily in Singapore.

We remain committed to grow our market share and global presence in our current business segments, as well as to seek opportunities in new fields.

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YEARS | EXPERIENCE OF FULFILLING MOORING AND RIGGING NEEDS

THRIVING DURING CHALLENGING TIMES

In these unprecedented times, we have found the fortitude to push through and meet new challenges. We have the strength of our people, our technology, and our strong history to back us up and propel us to even greater heights through innovations and development of new businesses.

1978
- Founded Teck Hoe & Company (Private) Limited

1986
- Established TEHO Ropes & Supplies Pte. Ltd.
- Acquired 4,000 m^2 warehouse

1999
- Acquired 7,000 m^2 warehouse

2004
- Established logistics points in Sharjah, Antwerp and Houston

2005
- Acquired 11,000 m^2 warehouse

2008
- Incorporated TEHO International (USA), LLC

CORPORATE PROFILE

MARINE & OFFSHORE

Rigging, Mooring, Lifting & Safety Systems

- TEHO Ropes & Supplies Pte. Ltd. ("TEHO Ropes Singapore")
- TEHO International (USA), LLC ("TEHO Ropes USA")
- TEHO EuROPE B.V. ("TEHO Ropes Europe")
- TEHO (Shanghai) Co., Ltd ("TEHO Ropes China")
- TEHO Ropes Korea Co., Ltd. ("TEHO Ropes Korea")

Collectively known as "TEHO Ropes"

For over three decades, TEHO Ropes has been fulfilling the mooring and rigging needs of the Marine & Offshore and construction industries in various geographical regions. The regions/countries covered are as follows:

TEHO Ropes Singapore	Southeast Asia
TEHO Ropes Europe	EMEA and India
TEHO Ropes USA	The Americas
TEHO Ropes China	China
TEHO Ropes Korea	South Korea and Japan

With these five subsidiaries, the Group is able to fulfill the mooring and rigging needs in the respective regions with our robust inventory of ropes, chains, synthetic slings and related fittings, and to ensure a quick turnaround time for our customers around the globe. Equipped with the technical expertise and knowledge of the latest industry regulations, the TEHO brand is also backed by numerous awards and certifications. TEHO has become a name that is synonymous with quality and reliability.

The Group's inventory locations around the globe enable the Group to cater to the needs of its customers, with the same quality products and exceptional services which is the hallmark of the TEHO brand. The offices in the respective regions also facilitate the Group's sales and marketing activities, and function as the sourcing and logistical arm for supplying vessels at the ports in the area.

ELECTRICAL & MECHANICAL ENGINEERING SYSTEMS

TEHO Engineering Pte. Ltd. ("TEHO Engineering")

TEHO Engineering specialises in electrical and mechanical engineering systems and solutions. We target our growing range of products and services towards safety assurance, compliance and cost efficiency according to clients' specifications.

Our range of products and services include HVAC (Heating, Ventilation and Air Conditioning), Blast Proof, Water & Outfitting systems. We are the authorised distributor and installer of these products under renowned brands like Halton, InterDam, OSO, Chromalox, STI, Meiko and many others. We also manage turnkey projects where we support clients with design engineering, compliance and onsite troubleshooting.

Our technical portfolio covers work in energy, marine & offshore, oil & gas, industrial and the government sectors. We have a solid history of prompt delivery of premium quality products accompanied by excellent services.

CORPORATE PROFILE

WATER & ENVIRONMENTAL TREATMENT SYSTEMS

TEHO Water & Envirotec Pte. Ltd. ("TEHO Water")

TEHO Water is a water treatment company specialising in reverse osmosis desalination technology and catering to the marine & offshore, resorts and other industries. We design and engineer compact and highly efficient ULTRO Reverse Osmosis Watermakers, built with quality components for lasting and trouble-free performance. Over the span of 15 years, we have delivered our water makers to more than 300 workboats and supply vessels throughout Asia and leading island resorts around the Indian Ocean. TEHO Water also delivers high performing Hydrophore and Hot Water Calorifier Systems that are durable and easy to use. In addition, we distribute CAT Pumps products, marine sewage treatment plants and other consumable components. TEHO Water is the official services centre for CAT Pumps in Southeast Asia.

REAL ESTATE

PROPERTY INVESTMENT, PROPERTY DEVELOPMENT & SERVICES

TEHO Development Pte. Ltd. ("TEHO Development")

TEHO Development, together with a group of subsidiaries, form the real estate arm of the TEHO Group. Our core business encompasses property development and real estate services. We develop residential, commercial and mixed-use projects and we provide real estate consultancy services.

DISTRIBUTION NETWORK

We have successfully weathered the cyclical turbulence in the oil and gas industry and have emerged from the challenging times stronger, imbued with a greater focus on expanding the horizon and seeking new opportunities in the Marine & Offshore and Property Segments as well as in overseas markets.

CHAIRMAN'S STATEMENT

I am extremely pleased that the Group has maintained our financial performance in spite of the ongoing challenges in the business environment.

We have shown resilience in our core business and our global expansion is gaining momentum.

I believe that we can continue to navigate through these challenging times.

We will carry our good work into FY2023 and I hope that this will bear fruits in FY2023.

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board") of TEHO International Inc Ltd. (the "Company" and together with its subsidiaries, the "Group"), it is my pleasure to present to you the annual report for the financial year ended 30 June 2022 ("FY2022").

OVERVIEW

The Group's business environment remained challenging in FY2022. While COVID-19 pandemic restrictions started to ease globally, the Russia-Ukraine war and persistent inflation resulted in sharp increases in energy prices and interest rates. In spite of these headwinds the Group remained profitable, posting a $2.8 million profit after tax in FY2022. In addition, although the Group reported a decrease in overall revenue, our core business in the Marine & Offshore industry registered a 2.9% increase in revenue in FY2022 as compared to the financial year ended 30 June 2021 ("FY2021").

FINANCIAL REVIEW

Revenue decreased by $4.6 million or 7.5% to $57.2 million in FY2022 from $61.8 million in FY2021. The decrease was mainly attributable to the absence of sale of landed property. Notwithstanding this, the Group's gross profit of $22.6 million in FY2022 was an increase of $0.8 million or 3.6% from $21.8 million in FY2021. The Group's gross profit margin also increased to 39.5% in FY2022 as compared to 35.3% in FY2021. The increase in gross profit margin was driven by higher revenue from the Marine & Offshore Segment.

The Group's profit before tax was $3.7 million in FY2022 as compared to $4.1 million in FY2021. After accounting for income tax of $0.9 million, the Group's profit for FY2022 was $2.8 million as compared to $3.2 million in FY2021.

THRIVING DURING CHALLENGING TIMES

In view of the current challenges, the Group will continue to maintain a cautious outlook for the current financial year, the financial year ending 30 June 2023 ("FY2023") and will step up efforts to capitalise on the success of our 3-pronged strategy - cost management, liquidity improvement and strengthening of global capability. We will continue to analyse and reinforce our strategies in FY2023. Our inventory capacity has expanded to over 300,000 square feet worldwide after the acquisition of the warehouse facility in Houston, Texas.

Although the Russia-Ukraine war has increased market volatility, shipping volume in oil tankers is projected to expand sharply due to the European Union's embargo of Russian oil. We hope our proven global supply strategy will enable us to benefit from this opportunity in FY2023 and beyond.

I am extremely pleased that the Group has maintained our financial performance in spite of the ongoing challenges in the business environment. We have shown resilience in our core business and our global expansion is gaining momentum. I believe that we can continue to navigate through these challenging times. We will carry our good work into FY2023 and I hope that this will bear fruits in FY2023.

REAPING THE REWARDS

In view of the commendable set of results in FY2022, the Board has proposed a first and final dividend of 0.1 Singapore cents per share to reward our valued shareholders for their support of the Group.

APPRECIATION

I would like to take this opportunity to thank my fellow Board of Directors for the guidance and counsel throughout the year. On behalf of the Board and Management, I would like to sincerely thank our business partners, customers, bankers and most importantly, our employees for their unwavering efforts and contributions to the Group. Last but not least, I would like to express my deep appreciation for our shareholders' trust and loyal support in the Company.

Lim See Hoe

Executive Chairman and Chief Executive Officer

5,700

METER SQUARE OFFICE AND WAREHOUSE IN RIDDERKERK, ROTTERDAM ESTABLISHED SINCE FY2017

FINDING OUR STRENGTH

Bigger and stronger, our strength lies firstly in the advancement and development of service levels - gaining traction from people training, company certifications, and business incorporations. Secondly, we recognize that investing in physical infrastructure and talent will place us in a position to tackle more challenges as they come along.

2009

Listed TEHO International Inc Ltd. on the SGX Catalist

2012

Incorporated TEHO (Shanghai) Co., Ltd.

Acquired a heating equipment supplier, now known as TEHO Engineering Pte. Ltd.

2013

Incorporated TEHO EuROPE B.V.

Acquired a water treatment equipment supplier, now known as TEHO Water & Envirotec Pte. Ltd.

TEHO Ropes & Supplies Pte. Ltd. attained bizSAFE 3

2014

First step into Singapore property industry

Acquired LIHA Shipservice B.V. and Store Rijnmond B.V.

2015

TEHO Ropes & Supplies Pte. Ltd. attained DNV GL certification

TEHO Water & Envirotec Pte. Ltd. attained bizSAFE 3

TEHO EuROPE B.V. and Liha Shipservice B.V. attained ISO 9001:2008

BOARD OF DIRECTORS

LIM SEE HOE

Executive Chairman and Chief Executive Officer ("CEO")

Date of first appointment: 10 June 2008
Date of last re-election: 27 October 2020

Mr Lim See Hoe is our Executive Chairman and CEO and is currently responsible for the overall corporate and strategic development, business direction, expansion plan and management of our Group. Since July 2019, he has taken on the role of managing TEHO Water. He joined TEHO in 1994 as a Marketing Manager where he was in charge of our Group's sales and marketing functions. In 2000, he became TEHO's Managing Director and was responsible for TEHO's entire operations.

Prior to joining TEHO, he worked as a Senior Parts Executive with Mitsubishi Caterpillar Forklift Asia Pte Ltd, Singapore, a company dealing in the forklift business, from 1993 to 1994 where he was responsible for marketing activities and management of customer's relationship in relation to the products sold by the company. Mr Lim See Hoe graduated with a Bachelor of Engineering (Mechanical) degree from the Nanyang Technological University, Singapore in 1993. He also obtained a Master of Business in International Marketing from the Curtin University of Technology, Australia in 2003.

LIM SIEW CHENG

Executive Director and Chief Operating Officer ("COO")

Date of first appointment: 15 October 2008
Date of last re-election: 27 October 2021

Ms Lim Siew Cheng is our Executive Director and COO and is currently responsible for our Group's sales administration, operations and strategic planning. She joined TEHO in 1986 as a Director where she was in charge of operations and has extensive experience in managing the operations of supplying rigging and mooring equipment and services. Prior to joining TEHO, she was working as a Sales Executive in Teck Hoe & Company (Private) Limited, where she was in charge of sales and general administration duties from 1978 to 1985. Ms Lim Siew Cheng attained a GCE Advanced Level certification in 1975.

KWAH THIAM HOCK

Lead Independent Non-Executive Director

Date of first appointment: 5 May 2009
Date of last re-election: 27 October 2021

Mr Kwah Thiam Hock was appointed as our Lead Independent Non-Executive Director on 5 May 2009 and is currently the Chairman of the Audit Committee. He is also an Independent Director of Wilmar International Limited, a company listed on the SGX-ST. In addition, he serves as an independent director of Phillip Private Equity Fund 6, a private equity firm and Global Investor Programme fund managers in Singapore. He was formerly an Independent Director of Excelpoint Technology Ltd and IFS Capital Limited, companies listed on the SGX-ST. He joined ECICS Holdings Ltd in 1976 as Assistant General Manager and was subsequently promoted to President and CEO in 1994. From 2003 to 2006, he was the CEO and Principal Officer of ECICS Limited, where he was responsible for its overall performance. Mr Kwah Thiam Hock graduated from the University of Singapore (now known as National University of Singapore) with a Bachelor of Accountancy degree in 1973. He is a Fellow CPA, Australia and also a Fellow of the Institute of Singapore Chartered Accountants and ACCA (UK).

JOANNE KHOO SU NEE

Independent Non-Executive Director

Date of first appointment: 10 January 2014
Date of last re-election: 24 October 2019

Ms Joanne Khoo Su Nee was appointed as our Independent Non-Executive Director on 10 January 2014 and is currently the Chairwoman of the Remuneration Committee. She has more than 25 years of experience in investment banking, corporate finance, capital markets and corporate advisory services. She is currently a Director of Bowmen Capital Private Limited, a mergers and acquisition advisory firm. She also serves as an Independent Non-Executive Director of ES Group (Holdings) Limited and was formerly an Independent Non-Executive Director of Excelpoint Technology Ltd and Kitchen Culture Holdings Ltd., companies listed on the SGX-ST. She also serves as an Independent Non-Executive Director of Netccentric Limited, a company listed on the Australian Securities Exchange and JE Cleantech Holdings Ltd, a company listed on the National Association of Securities Dealers Automatic Quotation System. She was formerly an Independent Non-Executive Director of PayLinks Pte Ltd, wholly-owned by iPayLinks Limited. Prior to this, she was involved in a wide range of investment banking and corporate finance activities as a director at Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited) as well as Phillip Securities Pte Ltd and Hong Leong Finance Limited. She started her career at PricewaterhouseCoopers in 1997. Ms Joanne Khoo Su Nee graduated with a Bachelor of Business in Accountancy from Royal Melbourne Institute of Technology University in 1996. She was admitted as a Certified Public Accountant by the CPA Australia in 1999 and a Chartered Accountant under the Malaysian Institute of Accountants in 2000. She was also a member of the Women Corporate Directors, the world's largest membership organization and community of women corporate board directors.

CHUA KIM LENG

Independent Non-Executive Director

Date of first appointment: 1 January 2021
Date of last re-election: 27 October 2021

Mr Chua Kim Leng was appointed as our Independent Non-Executive Director on 1 January 2021 and is currently the Chairman of the Nominating Committee. He is also an Independent Director of United Overseas Insurance Limited, an insurance company listed on the SGX-ST and Yangzijiang Financial Holding Ltd., an investment holding company listed on SGX-ST. In addition, he serves as a Director of the Gambling Regulatory Authority (previously known as Casino Regulatory Authority), ICHX Tech Pte Ltd (a recognised market operator in Singapore) and Sygnum Bank AG (a Swiss bank based in Zurich). He stepped down from his role as Special Advisor (Financial Supervision) at the Monetary Authority of Singapore (MAS) in 2018 after 25 years of distinguished service. Prior to that, he was the Assistant Managing Director in charge of the Banking and Insurance Group where he was responsible for the licensing and supervision of banks, insurance and finance companies, and anti-money laundering supervision for the financial sector. Mr Chua Kim Leng graduated with a Bachelor of Business Administration (Honours) from the National University of Singapore in 1994. He was awarded the Public Administration Medal in 2014 by the President of Singapore for outstanding efficiency, competence and industry.

EXECUTIVE OFFICERS

PHUA SIAN CHIN

Chief Financial Officer ("CFO")

Mr Phua Sian Chin is our CFO. He joined our Group in August 2008 and is responsible for the management of our Group's corporate finance, compliance and financial reporting matters. He is also an Independent Director of Oxley Holdings Ltd. Prior to joining our Group, he was, for over 8 years, the CFO of a holding company listed on the Hong Kong Stock Exchange. For over 10 years, he had worked as regional financial controller for multi-national corporations in the Asia-Pacific region. He was also the group financial head for property development groups in Singapore and Indonesia for over 6 years. Mr Phua Sian Chin graduated with a Bachelor of Accountancy degree from the University of Singapore (now known as National University of Singapore) in 1975. He is currently a Fellow of the Institute of Singapore Chartered Accountants, a Fellow of the CPA Australia, a Fellow of the Association of Chartered Certified Accountants (UK) and a registered member of the Singapore Institute of Directors.

LIM SIEW CHOO

General Administration Director

Ms Lim Siew Choo is our General Administration Director and is currently responsible for day-to-day operations, statutory matters, recruitment and staff welfare of our Group. She joined TEHO in 1987 as a Manager responsible for general administration. In 2004, she was tasked to be responsible for our financial and management reporting, treasury operations, developing corporate strategy, negotiating with financial institutions for facilities and financial budgeting. Ms Lim Siew Choo graduated with a Bachelor's degree in Management from Nagasaki Institute of Applied Science, Japan in 1987.

SOARE SIEW LIAN

CEO of USA Operations

Ms Soare Siew Lian is our CEO of USA Operations. She joined TEHO in August 2008 and oversees the Group's activities in the Americas, presently centered in Houston and Panama. Prior to joining TEHO, she operated her own business through TEHO (USA), LLC, a company incorporated in the USA to facilitate the supply of our products in North America from 2005 to July 2008. From 2001 to 2005, she worked as Forecast Manager with Sara Lee Corporation's apparel division (now known as Hanesbrands Inc.), where she was tasked to integrate new businesses into existing forecasting and planning systems, and to provide sales forecast and analysis. From 1991 to 1995, she worked as Special Projects Manager at Catalina Lighting, Inc., a manufacturer and distributor of lighting products in Florida, USA, where she was responsible for new product development. She was subsequently promoted to Inventory Manager in 1995, to oversee inventory replenishment and purchasing. Ms Soare Siew Lian graduated with a Bachelor of Business Administration degree from the National University of Singapore in 1981 and obtained a Master of International Management degree in 1984 from the American Graduate School of International Management (now known as Thunderbird School of Global Management under the Arizona State University system).

MANAGEMENT TEAM

PHUA CHENG BOON

Mr Phua Cheng Boon is our Financial Controller. He joined the Group in December 2010 as Financial Controller and was responsible for the operational finance and accounting functions of the Group. Between July 2016 and September 2019, he took on the role of Operations Director, overseeing the whole operations of the real estate business. He began his career in public accounting firms with over 10 years of experience where he was also involved in clients' Initial Public Offering and Reverse Takeover exercises on the Singapore and Malaysia stock exchanges. He is a member of the Institute of Singapore Chartered Accountants.

ANTHONY TAN

Mr Anthony Tan is our General Manager for TEHO Ropes. He graduated from the Upper Iowa University in 2004 with a degree in Bachelor of Arts (Hons). Mr Anthony Tan has over 24 years of experience in the marine and shipping industry. Prior to this appointment, he was the Group Business Development Manager. His vast pool of industrial knowledge and technical know-how acquired through the years enables him to accede to the tasks of managing and leading the departments of Sales, Operations and Quality and Factory in the Group.

CHUA LAY MUI

Ms Chua Lay Mui is our Operations Manager. She joined the Group in 1986 and plays a significant role in managing the operations team which provides a critical supporting role to the business development team. A pioneer in the company, her accumulated experience and meticulousness to customers' requirements ensure accurate and smooth deliveries to customers.

JAMIE CHOO

Ms Jamie Choo, our Business Development Manager of the Marine & Offshore Segment joined the Group in 2002. She monitors the market intelligence within the industry and leads the business development team in aligning to organizational goals and objectives. Ms Jamie Choo completed her Bachelor in Business Studies (Hons) from Loughborough University (UK) in 2010.

JASON TAN

Mr Jason Tan is our Senior Supply Chain & IT Manager. He graduated from Nanyang Technological University and has been with the Group since 2004. He has attained various qualifications in Supply Chain Management, Productivity and Business Analytics and is responsible for supporting the Group's strategic plans by driving operational excellence and digital competence.

ANTHONY TOK

Mr Anthony Tok is the Manager of TEHO Ropes China, responsible for expanding the business in the China market. He joined the Group in September 2009. He graduated from the National University of Singapore, majoring in Mechanical Engineering, in 2005. In recent years he has also been increasingly involved in the technical aspects of the business and has taken on a customer service role to assist customers with technical questions and investigations.

JAN-KEES NOORDHOEK

Mr Jan-Kees Noordhoek is our Managing Director of TEHO EuROPE B.V.. He graduated from Fontys Hoge School Tilburg (University of Applied Sciences) in 1994 with a Bachelor's degree in Economics. He rose from Product Manager to Commercial Director at Lankhorst Ropes, and before joining the Group in 2013, served as a managing director of Oliveira. Actively involved in Eurocord and OCIMF, Mr Jan-Kees Noordhoek has harnessed a wealth of knowledge in all aspects of synthetic rope production, marketing and applications, especially of the newer high performance rope.

PHILIP LEE CHANG HO

Mr Philip Lee Chang Ho is our Managing Director of TEHO Ropes Korea Co., Ltd.. He has a Bachelor's degree in International Trade with over 27 years of experience in the fibre ropes and shipping industry. He was a Director of Overseas Sales Division of a leading fibre ropes manufacturer in Korea before he joined TEHO Ropes Korea in 2019.

EDWIN SOON CHUAN TIAH

Mr Edwin Soon Chuan Tiah is the Managing Director of TEHO Development and TEHO Property Group. He brings in extensive experience in property marketing, business development and investment sales. He has previously overseen the various business divisions within the TEHO Property Group and has successfully implemented strategies for growth and profitability. With his fresh insights and in-depth knowledge in the real estate industry, he has led various teams in achieving record-breaking sales, and spearheaded successful overseas property launches that have set trends in the local market and beyond.

GROUP STRUCTURE

AS AT 30 JUNE 2022

(i) Subsidiaries and associates that are not significant are not shown above.
(ii) Subsidiaries shown above are all wholly-owned.

OVER 300,000

SQUARE FEET OF INVENTORY SPACE

OUR MULTI-DIMENSIONAL GROWTH

We are growing in all directions.

Geographically, we have our stronghold in Singapore as well as global presence in Europe, the Americas, Asia and the Middle East. Service-wise, we have expanded our solutions from domestic rigging and mooring, to international marine and offshore solutions, and have even delved into the real estate scene. Despite any adversity, we always find our way and expand farther.

2016

TEHO Group celebrated 30th anniversary

Established new stock points in Panama and Algeciras

2017

TEHO Ropes & Supplies Pte. Ltd. awarded the Business Excellence certification

TEHO EuROPE B.V. opens new 4,000 m^2 office and warehouse in Ridderkerk (Rotterdam)

2018

TEHO Ropes & Supplies Pte. Ltd. certified as Eco-Office

2019

TEHO Ropes & Supplies Pte. Ltd. and TEHO Engineering Pte. Ltd. achieved bizSAFE 4

TEHO International (USA), LLC sets up own wire rope rigging facility in Houston (Texas)

TEHO International (USA), LLC achieves Quality Management System ISO 9001:2015

Incorporation of TEHO Ropes Korea Co., Ltd and opens new 826 m^2 warehouse

2020

TEHO EuROPE B.V. acquires additional warehouse with plot size of 1,735 m^2

New stock point in Las Palmas

2021

TEHO International (USA), LLC acquires new warehouse and office with plot size of 10,396m^2

OPERATIONS & BUSINESS REVIEW

FINANCIAL PERFORMANCE REVIEW

Revenue

Revenue decreased by $4.6 million or 7.5% to $57.2 million for FY2022 from $61.8 million for FY2021. The decrease was mainly attributable to the absence of sale of landed property. Notwithstanding this, the Group's gross profit of $22.6 million in FY2022 was an increase of $0.8 million or 3.6% from $21.8 million in FY2021. The Group's gross profit margin also increased to 39.5% in FY2022 as compared to 35.3% in FY2021. The increase in gross profit margin was driven by higher revenue from the Marine & Offshore Segment.

Other operating income

Other income increased by $0.1 million or 8.0% to $1.5 million in FY2022 from $1.4 million in FY2021. The increase was mainly due to global settlement of a legal suit in March 2022 amounting to $0.8 million, and this was partially offset by the decrease in government grant income.

Distribution expenses

Distribution expenses increased by $0.4 million or 29.2% to $1.6 million in FY2022 from $1.2 million in FY2021. These were mainly due to higher freight costs as a result of global supply chain disruptions and resumption of business travel and trade exhibitions following the lifting of border restrictions.

Administrative expenses

Administrative expenses increased by $0.4 million or 3.2% mainly due to higher personnel expenses as a result of an increase in headcount and annual salary revisions.

Other operating expenses

Other operating expenses increased by $0.6 million in FY2022. The increase was mainly due to:

- Foreign exchange loss of $0.4 million due to fluctuations in United States Dollar ("USD") and Euro Dollar ("EUR") against Singapore Dollar ("SGD").
- Increase in telecommunication, utilities and general expenses by $0.2 million due to full resumption of business activities and employees returning to work in the Group's offices.

Finance income

The increase in the Group's finance income, comprising mainly interest income from bank deposits, remained relatively constant for FY2022 as compared to that of FY2021.

Finance costs

Finance costs decreased by $0.05 million or 5.5% from $969,000 in FY2021 to $915,000 in FY2022. The decrease was mainly due to the decrease in lease liabilities in FY2022.

Income tax expense

In FY2022, the Group incurred an income tax expense of $0.8 million as compared to $0.9 million in FY2021.

Profit for the year

Combining the profit before tax of $4.2 million for the Marine & Offshore Segment, profit before tax of $0.1 million for the Property Segment and the unallocated head office expenses of $0.6 million, the Group's profit before tax was $3.7 million in FY2022 as compared to a profit before tax of $4.1 million in FY2021. Overall, the Group reported profit after taxation of $2.8 million for FY2022.

FINANCIAL POSITION REVIEW

Non-current assets

Non-current assets increased to $15.4 million as at 30 June 2022 from $13.3 million as at 30 June 2021. This increase was mainly due to the following:

- Increase in property, plant and equipment of $1.6 million arising from capital expenditure of $4.0 million. The increase in capital expenditure was partially offset by the depreciation of property, plant and equipment and right-of-use assets.
- Other receivables amounting to $0.5 million from the global settlement of a legal suit.

The increase stated above was partially offset by the disposal of investment in associate of $0.1 million, comprising of a 26% equity interest in Paneltec Pte. Ltd., in November 2021.

Current assets

Current assets increased by $1.6 million from $43.6 million as at 30 June 2021 to $45.2 million as at 30 June 2022. The increase was mainly due to the following:

- Inventories increased by $3.9 million from $21.2 million as at 30 June 2021 to $25.1 million as at 30 June 2022. This is in line with Group's strategy to boost its supply chain resilience by increasing its inventories in order to minimise the adverse impact of the global supply chain disruptions.
- Trade and other receivables increased by $0.4 million, which is in line with the increase in the Marine & Offshore Segment revenue in FY2022.
- Development properties increased by $0.1 million from $5.4 million as at 30 June 2021 to $5.5 million as at 30 June 2022. The increase arose from the redevelopment of a landed residential property located at 16 Lorong Salleh in Singapore.

The increase stated above was offset by the following:

- Cash and cash equivalents decreased by $2.5 million from $7.0 million as at 30 June 2021 to $4.5 million as at 30 June 2022. Please refer to the "Cash Flows Review" section below for details.
- Contract assets decreased by $0.3 million was due to lower unbilled contracts as at 30 June 2021.

Non-current liabilities

Non-current liabilities decreased by $3.1 million to $9.2 million as at 30 June 2022 from $12.3 million as at 30 June 2021. The decrease was mainly due to the following:

- Non-current portion of loans and borrowings decreased by $3.0 million, due to repayment of term loans and lease liabilities.
- Fair value adjustment on derivative financial liabilities of $0.1 million.

Current liabilities

Current liabilities increased by $4.7 million to $31.1 million as at 30 June 2022 from $26.4 million as at 30 June 2021. The increase was mainly due to the following:

- Current portion of loans and borrowings increased by $3.8 million, due to an increase in the drawdown of short-term revolving credit facilities for working capital purposes and term loan for the acquisition of a warehousing facility. A bank loan of $1.9 million has been reclassified as a current liability as at 30 June 2022 in light of the subsidiary not meeting a financial covenant. On 22 August 2022, the subsidiary obtained a waiver from the bank.
- Trade and other payables increased by $0.7 million due to increase in purchases in tandem with the increase in Marine & Offshore Segment revenue in FY2022 and increase of inventories to boost its supply chain resilience.
- Contract liabilities increased by $0.3 million due to increase in deposits received pertaining to orders from customers in the Marine & Offshore Segment.

Shareholders' equity

Shareholders' equity increased by $2.2 million to $20.3 million as at 30 June 2022 from $18.1 million as at 30 June 2021. The increase was mainly due to the net profit recorded for FY2022 amounting to $2.8 million, partially offset by the decrease in other reserves of $0.6 million.

CASH FLOWS REVIEW

The Group's net cash flows generated from operating activities was $0.9 million in FY2022 compared to $13.3 million in FY2021. The decrease in net cash flows generated from operating activities was mainly due to lower working capital requirements in FY2022.

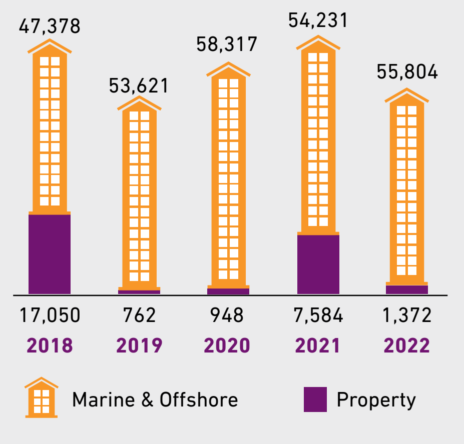
Net cash flows used in investing activities amounted to $1.4 million in FY2022 was mainly due to capital expenditure on the acquisition of property, plant and equipment.

Net cash flows used in financing activities amounted to $2.0 million, mainly attributable to repayments of bank borrowings, lease liabilities, partially offset by proceeds from the drawdowns of bank loans and borrowings.

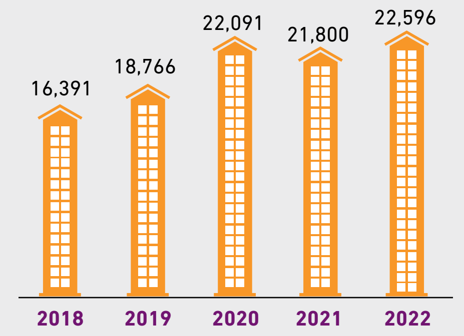
As at 30 June 2022, the Group has cash and cash equivalents of $4.5 million as compared to $7.0 million as at 30 June 2021.

FINANCIAL HIGHLIGHTS

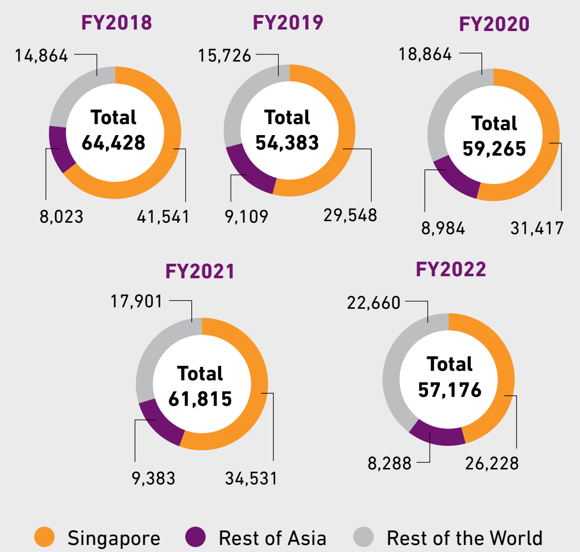
Revenue By Operating Segments ($'000)



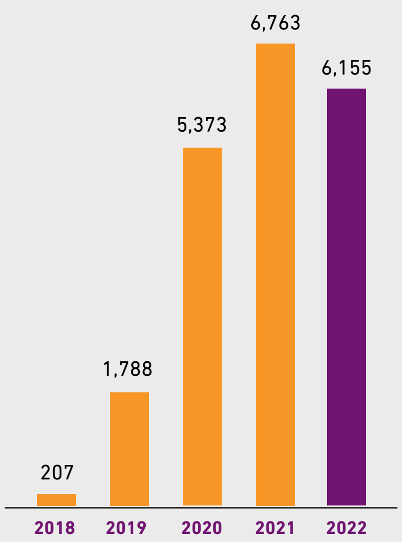
Gross Profit ($'000)



Revenue By Geographical Areas ($'000)



EBITDA ($'000)



	FY2018	FY2019	FY2020	FY2021	FY2022
Revenue By Operating Segments					
Marine & Offshore ($'000)	47,378	53,621	58,317	54,231	55,804
Property ($'000)	17,050	762	948	7,584	1,372
Total	64,428	54,383	59,265	61,815	57,176
Revenue By Geographical Areas					
Singapore ($'000)	41,541	29,548	31,417	34,531	26,228
Rest of Asia ($'000)	8,023	9,109	8,984	9,383	8,288
Rest of the World ($'000)	14,864	15,726	18,864	17,901	22,660
Total	64,428	54,383	59,265	61,815	57,176
Operating Results					
Gross Profit ($'000)	16,391	18,766	22,091	21,800	22,596
EBITDA ($'000)	207	1,788	5,373	6,763	6,155
Profit/(Loss) Before Tax ($'000)	(2,343)	(299)	2,028	4,129	3,672
Profit/(Loss) After Tax ($'000)	(2,189)	(460)	1,185	3,231	2,823
Gross Profit Margin (%)	25.4	34.5	37.3	35.3	39.5
Basic Earnings/(Loss) Per Ordinary Share (Cents)	(0.94)	(0.20)	0.50	1.37	1.20
Diluted Earnings/(Loss) Per Ordinary Share (Cents)	(0.93)	(0.20)	0.50	1.37	1.20
Financial Position					
Total Assets ($'000)	76,294	56,940	66,564	56,856	60,660
Total Liabilities ($'000)	40,169	43,258	51,677	38,743	40,315
Total Equity ($'000)	36,125	13,682	14,887	18,113	20,345
Cash ($'000)	4,468	4,622	5,310	6,982	4,536
Borrowings ($'000)	31,625	37,164	44,674	32,321	33,080
Net Debt-to-Equity Ratio	0.75	2.38	2.64	1.40	1.40
NAV Per Ordinary Share (Cents)	6.10	5.84	6.32	7.69	8.64

MAJOR PROPERTIES

As at 30 June 2022

Location	Description	Approx. Land (sqm)	Approx. Gross Floor Area (sqm)	Tenure
1 Tuas Lane, Singapore 638610	Leasehold warehouse	10,686	5,983	60 years commencing 1 September 1992
1 Bukit Batok Crescent #03-20, Singapore 658064	Leasehold ramp-up factory unit for production work	240	240	60 years commencing 13 March 1997
Nikkelstraat 19, Ridderkerk (2984 AM), The Netherlands	Industrial building and warehouse	4,034	3,295	Freehold
Nikkelstraat 21, Ridderkerk (2984 AM), The Netherlands	Warehouse	1,735	988	Freehold
9260 Bryant Street, Houston, TX 77075, USA	Industrial warehousing facility and office	10,396	4,154	Freehold

MAJOR PROPERTIES FOR DEVELOPMENT AND/OR SALE

As at 30 June 2022

Project Name/Location/Description	Tenure	Approx. Land (sqm)	Approx.Gross Floor Area (sqm)	Percentage of Completion at 30 June 2022 (%)	Interest held by the Group (%)	Completion Date (Calendar Year)
16 Lorong Salleh Singapore 416770* 3-Storey envelope control semi-detached dwelling house with an attic	Freehold	297	446	100%	100%	2021

** The sale of this property was completed on 22 July 2022.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Lim See Hoe
Executive Chairman & Chief Executive Officer

Ms Lim Siew Cheng
Executive Director & Chief Operating Officer

Mr Kwah Thiam Hock
Lead Independent Non-Executive Director

Ms Joanne Khoo Su Nee
Independent Non-Executive Director

Mr Chua Kim Leng
Independent Non-Executive Director

AUDIT COMMITTEE

Mr Kwah Thiam Hock
Chairman

Ms Joanne Khoo Su Nee

Mr Chua Kim Leng

REMUNERATION COMMITTEE

Ms Joanne Khoo Su Nee
Chairwoman

Mr Kwah Thiam Hock

Mr Chua Kim Leng

NOMINATING COMMITTEE

Mr Chua Kim Leng
Chairman

Mr Kwah Thiam Hock

Ms Joanne Khoo Su Nee

COMPANY SECRETARIES

Mr Phua Sian Chin, FCA (Singapore)

Ms Wee Woon Hong, LLB (Hons)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Mr Ronald Tay Ser Teck
Effective from the financial year ended
30 June 2020

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

1 Commonwealth Lane
#09-23 One Commonwealth
Singapore 149544
Tel: (65) 6744 8777
Fax: (65) 6744 8788
Email: ir@teho.com.sg
Website: www.teho.com.sg

CORPORATE DIRECTORY

Rigging, Mooring, Lifting & Safety Systems (Marine, Offshore Oil & Gas & Construction)

TEHO Ropes Singapore

TEHO Ropes & Supplies Pte. Ltd.
1 Commonwealth Lane, #09-23 One Commonwealth
Singapore 149544
Tel: (65) 6744 8777
Fax: (65) 6744 8788
Email: ropes@teho.com.sg
Website: www.tehoropes.com.sg

TEHO Ropes Europe

TEHO EuROPE B.V.
Nikkelstraat 19, 2984 AM Ridderkerk, The Netherlands
Tel: (31) (0) 180 820 995
Email: ropes@tehoeurope.nl
Website: www.tehoeurope.nl

TEHO Ropes USA

TEHO International (USA), LLC
9260 Bryant Street, Houston, TX 77075, USA
Tel: (1) 281 485 5368
Email: sales@tehoropes.com
Website: www.tehoropes.com

TEHO Ropes China

TEHO (Shanghai) Co., Ltd
Suite 2210A, 22/F Tomson Commercial Building
710 Dongfang Road, Shanghai P.R.C. 200122
Tel: (86) 186 1627 3590
Email: anthony_tok@teho.com.sg
Website: www.tehoropes.com.sg

TEHO Ropes Korea

TEHO Ropes Korea Co., Ltd.
47, Mieumgukje 4-ro, Gangseo-gu, Busan, Korea
Tel: (82) 51 831 6678
Email: mail@tehoropes.co.kr
Website: www.tehoropes.co.kr

Electrical and Mechanical Engineering Systems (Heavy Industries, Offshore Windfarm and Oil & Gas)

TEHO Engineering Pte. Ltd.
1 Bukit Batok Crescent, #03-20 WCEGA Plaza
Singapore 658064
Tel: (65) 6862 0900
Fax: (65) 6862 3955
Email: sales@tehoengineering.com.sg
Website: www.tehoengineering.com.sg

Reverse Osmosis Watermaker, Water & Environmental Solutions (Marine & Offshore Oil & Gas)

TEHO Water & Envirotec Pte. Ltd.
1 Bukit Batok Crescent, #03-20 WCEGA Plaza
Singapore 658064
Tel: (65) 6766 0397
Fax: (65) 6267 9748
Email: sales@tehowater.com.sg
Website: www.tehowater.com.sg

Property Development & Services

TEHO Development Pte. Ltd.
1 Commonwealth Lane, #09-23 One Commonwealth
Singapore 149544
Tel: (65) 6744 8777
Fax: (65) 6744 8788
Email: info@tehoproperty.com.sg
Website: www.tehoproperty.com.sg

FINANCIAL CONTENTS

REPORT OF CORPORATE GOVERNANCE

The Board of Directors (the "**Board**" or the "**Directors**") of TEHO International Inc Ltd. (the "**Company**" or "**TEHO**") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**") to ensure greater transparency and to protect the interests of the Company's shareholders.

TEHO has in place the appropriate personnel, processes and structures to direct and manage its business and affairs, while safeguarding the interests of shareholders and enhancing long-term shareholders' value as part of its efforts to maintain high standards of corporate governance.

This corporate governance report (the "**Report**") describes the Group's efforts in keeping pace with the evolving corporate governance practices and complying with the Singapore Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore and accompanying Practice Guidance, and where applicable, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**") and the Companies Act 1967 of Singapore (the "**Companies Act**").

STATEMENT OF COMPLIANCE

The Board is pleased to confirm that, for the financial year ended 30 June ("**FY**") 2022, the Group has adhered as closely as possible to the principles and provisions set out in the Code except for the following guidelines where there are deviations from the Code and appropriate explanations have been provided:

(a) Provision 3.1 – Common Role of Chairman and Chief Executive Officer

(b) Provision 8.1 – Disclosure of remuneration details

(c) Provision 9.1 – Board Risk Committee

(d) Provision 11.4 – Absentia voting at general meetings of shareholders

(e) Provision 11.6 – Dividend policy

BOARD MATTERS

The Board's Conduct of Affairs

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

<u>**Provision 1.1**</u> **Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.**

As at the date of this Report, the Board comprises five directors, of whom two are executive directors and three are independent and non-executive directors. The directors possess the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. Matters which specifically require the Board's decision or approval are those involving:

(a) Corporate strategy and business plans;

(b) Investment and divestment proposals;

(c) Funding decisions of the Group;

(d) Nominations of directors for appointment or re-appointments to the Board and appointment of key management personnel;

(e) Announcement of half-year and full-year results, annual reports and financial statements;

(f) Material acquisitions and disposals of assets;

(g) Consideration of sustainability issues as part of the Group's strategic formulation;

(h) All matters of strategic importance;

(i) Review of management performance;

(j) Identify key stakeholder groups and recognise that their perceptions affect the Company's reputation; and

(k) Assume responsibility for corporate governance of the Group.

Directors are aware of their duties at law, which include acting in good faith and the best interests of the Company; exercising due care, skills and diligence; and avoiding conflicts of interest. All directors recognise that they have to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Board is a representation of the shareholders in the Company and is accountable to them through effective governance of the business.

All directors are subject to a declaration of conflict of interests on a half-yearly basis and as soon as they are aware of circumstances giving rise to such conflict. Any director facing an actual, potential or perceived conflict of interests in relation to any matter will declare his or her interest and will recuse himself or herself from participating in discussions and abstain from making any decisions on the matter involving the issue of conflict.

Provision 1.2 **Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.**

To gain a better understanding of the Group's business, the Company adopts an open policy whereby directors are encouraged to request further explanations, briefings or discussions on the Group's operations or business with the executive directors and the management.

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

As part of training for the Board, directors are briefed either during Board and Board Committee meetings or at specially convened sessions on changes to regulations and accounting standards, as well as industry related matters. All directors are encouraged to keep themselves updated on changes to the financial, legal and regulatory requirements or framework and the business environment through reading relevant literature and attending appropriate seminars and courses conducted by bodies such as the SGX-ST and Singapore Institute of Directors. The directors are also provided with ongoing updates and/or briefings from time to time by the management of the Company, professional advisers, auditors, Sponsor and the Company Secretaries in areas such as directors' duties and responsibilities, corporate governance practices and risk management matters. During Audit Committee ("**AC**") (renamed as the Audit and Risk Committee ("**ARC**") with effect from 9 February 2022) meetings, KPMG LLP (the"**External Auditors**") will brief the directors on the changes in accounting standards as well as key audit matters. The Company's Continuing Sponsor, SAC Capital Pte Ltd, provides updates to the Board whenever there are changes to the listing rules or the Code of Corporate Governance.

Provision 1.3 **The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.**

Although the day-to-day management of the Company is delegated to the executive directors, the approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's results and announcements to shareholders, declaration of dividends and interested person transactions.

Provision 1.4 **Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.**

To assist the Board in the execution of the Board's responsibilities, certain functions of the Board have been delegated to the following committees:

(a) Audit and Risk Committee (the "**ARC**");

(b) Nominating Committee (the "**NC**"); and

(c) Remuneration Committee (the "**RC**"),

(collectively, the "**Board Committees**"). While these committees are delegated with certain responsibilities, the ultimate responsibility for the final decision lies with the entire Board.

The principal functions and roles of the Board Committees are described in subsequent sections of this Report, detailed functions and roles are described in each of the Board Committees' terms of reference. Each of the Board Committees is chaired by an independent director and operates within clearly defined terms of reference and functional procedures which are reviewed on a regular basis. These Board Committees provide further safeguards to prevent an uneven concentration of power, authority and decision-making in a single individual.

Provision 1.5 **Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.**

The Board holds at least two meetings a year at regular intervals. In addition, ad hoc meetings involving the Board and the management are held as and when there is a need to review, discuss and/or approve important matters such as major acquisition and divestment and related funding requirements. In between Board meetings, other important matters are also being circulated and put for the Board's approval by way of circulating resolutions in writing. The Company's Constitution provides for meetings of directors to be held by means of telephone/video conference or other methods of simultaneous communication by electronic or other means.

Frequency of formal Board and Board Committee meetings held and attended by each member for FY2022 are disclosed below:

Types of Meetings / Names of directors	Board	Audit Committee/ Audit and Risk Committee[(1)]	Nominating Committee	Remuneration Committee
Total held for FY2022	**2**	**2**	**1**	**1**
Mr Lim See Hoe	2#	2*	1*	1*
Ms Lim Siew Cheng	2	2*	1*	1*
Mr Kwah Thiam Hock	2	2#	1	1
Ms Joanne Khoo Su Nee	2	2	1	1#
Mr Chua Kim Leng	2	2	1#	1

Notes:
\# Chairman
* By invitation

(1) The ARC replaced the AC with effect from 9 February 2022. The designation and composition of the ARC remained unchanged from that of the AC at that time.

All directors are expected, in the course of carrying out their duties, to act in good faith to provide insights and objectively make decisions in the interest of the Group.

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

Provision 1.6 **Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.**

The Company recognises the importance of unlimited and unhindered flow of information for the Board to discharge its duties effectively. The management and the executive directors furnish the Board, and where appropriate, each director regularly with information about the Group as well as the relevant background information or explanatory information relating to the business to be discussed at Board meetings. The type of information that is provided to the Board includes facts, resources needed, financial impact, expected outcomes, conclusions and recommendations. Detailed board papers are circulated to directors in advance for each meeting to give the directors sufficient time to review the matters to be discussed.

The management also provides all members of the Board with half-yearly management accounts of the Group's performance, with explanatory details on its operations, and as the Board may require from time to time to make balanced and informed assessments of the Group's performance, position and prospects.

Provision 1.7 **Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.**

The Company has two company secretaries. Either one of the company secretaries attends Board and Board Committee meetings. Together with the management, the company secretaries are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act and the provisions in the Catalist Rules are complied with.

The company secretaries assist the Chairman of the Company in ensuring good information flow within the Board and its Board Committees and between the management and non-executive directors. The directors are also provided with the contact details of the management and company secretaries to facilitate separate and independent access. The appointment and the removal of the company secretaries is a matter for the approval of the Board as a whole.

Each director, either individually or collectively, has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his or her duties and responsibilities as director.

Board Composition and Guidance

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

Provision 2.1 **An "independent director" is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.**

Executive Directors

Mr Lim See Hoe	Executive Chairman and Chief Executive Officer ("**CEO**")
Ms Lim Siew Cheng	Executive Director and Chief Operating Officer ("**COO**")

Non-Executive Directors

Mr Kwah Thiam Hock	Lead Independent Non-Executive Director and Chairman of ARC
Ms Joanne Khoo Su Nee	Independent Non-Executive Director and Chairman of RC
Mr Chua Kim Leng	Independent Non-Executive Director and Chairman of NC

The independence of each independent director is reviewed annually by the NC based on the guidelines set forth in the Code and the Catalist Rules. The NC adopts the definition in the Code as to what constitutes an independent director in its review to ensure that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives.

The independent directors have confirmed that they do not have any relationship with the Company or its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgement with a view to the best interests of the Company. The NC is of the view that Mr Kwah Thiam Hock, Ms Joanne Khoo Su Nee and Mr Chua Kim Leng are independent.

The independence of any independent director who has served on the Board beyond nine years from the date of his/her first appointment are subject to particularly rigorous review. The Board is of the view that the independence of the independent directors must be based on the substance of their professionalism, integrity and objectivity, and not merely based on form such as the number of years they have served on the Board.

After taking into account the views of the NC, the Board is satisfied that each independent director is independent in conduct, character and judgement and there are no relationships or circumstances that are likely to affect, or could affect, the director's judgement.

Currently, Mr Kwah Thiam Hock has served on the Board for more than nine years from the date of his first appointment, while Ms Joanne Khoo Su Nee will, after 10 January 2023, have served on the Board for more than nine years from the date of her first appointment. The Board conducted a rigorous review of the independence of each of Mr Kwah Thiam Hock and Ms Joanne Khoo Su Nee by examining any conflicts of interest, his/her review and scrutiny of matters and proposals put before the Board, his/her exercise of independent judgment, the effectiveness of his/her oversight roles as a check and balance on the acts of the executive directors and the management as well as his/her role in enhancing and safeguarding the interests of the Company and its shareholders. Upon review, the Board considers each of Mr Kwah Thiam Hock and Ms Joanne Khoo Su Nee to remain independent.

Pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, independent directors who have served beyond nine years on the Board will be subjected to a re-election via a two-tier vote to be approved by (i) all shareholders; and (ii) all shareholders excluding shareholders who also serve as directors or the CEO (and their associates).

In accordance with Rule 406(3)(d)(iii) of the Catalist Rules, the continued appointment of Mr Kwah Thiam Hock as an independent non-executive director had been sought and approved in separate resolutions by (i) all shareholders; and (ii) all shareholders, excluding shareholders who also serve as directors or the CEO of the Company (and their associates), at the last annual general meeting ("**AGM**") held on 27 October 2021. Such resolutions will remain in force until the earlier of (a) the retirement or resignation of Mr Kwah Thiam Hock; or (b) the conclusion of the third AGM following the passing of the resolutions.

Ms Joanne Khoo Su Nee has served on the Board since 10 January 2014 and will, after 10 January 2023, have served on the Board for more than nine years from the date of her first appointment. Accordingly, the re-election of Ms Joanne Khoo Su Nee, who is due to retire at the forthcoming AGM, will be subject to a two-tier shareholders' vote pursuant to Rule 406(3)(d)(iii) of the Catalist Rules.

Provision 2.2 **Independent directors make up a majority of the Board where the Chairman is not independent.**

The Board currently comprises five directors, of whom two are executive directors and three are independent and non-executive directors. As the Chairman of the Board and CEO of the Group is the same person and part of the management, more than half of the Board is made up of independent and non-executive directors. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

Provision 2.3 **Non-executive directors make up a majority of the Board.**

The Board currently comprises two executive directors and three independent and non-executive directors, who have the right core competencies and diversity of experiences to enable them, in their collective wisdom, to contribute effectively to the long-term success of the Company. The independent directors make up more than half of the Board and there is a strong independent element in the Board.

Provision 2.4 **The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.**

The Company recognises and embraces the importance and benefits of having a diverse Board to better support the Company's strategic objectives for sustainability development, by enhancing the decision-making process of the Board through the perspectives garnered from the various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors. Following the introduction of Rule 710A of the Catalist Rules effective from 1 January 2022, the Board has approved and adopted the board diversity policy of the Company on 4 July 2022 ("**Board Diversity Policy**"), to formalise the Company's approach to achieve diversity on the Board. A copy of the Board Diversity Policy has been made available on the Company's website, and can be found at https://investor.teho.com.sg/board_diversity_policy.html.

Under the Board Diversity Policy, Board diversity will be considered from several perspectives, including but not limited to gender, age, nationalities, ethnicity, cultural background, educational background, experience, knowledge and skills, independence, length of service and other relevant qualities considered essential for the effective governance of the Company. The NC will review and assess the Board composition on behalf of the Board, having regard to, amongst others, the diversity of skills, experience, gender and knowledge of the Directors, the core competencies of the Directors as a group, the scope and nature of the operations and the requirements of the business.

The Board Diversity Policy provides that any search firm engaged, where required, to assist the Board or a committee of the Board in identifying candidates for appointment to the Board will be specifically required to include diverse, experienced and reputable candidates. All appointments to the Board are based on merit, in the context of the skills, experience, independence and knowledge which the Board requires to be effective, and will take into consideration a range of diversity perspectives as described in the Board Diversity Policy to promote boardroom diversity. In this regard, the NC is responsible for:

(a) ensuring that boardroom diversity objectives are adopted in an effective and practical manner in Board recruitment, Board performance evaluation and succession planning processes; and

(b) defining and setting the relevant measurable objectives for promoting and achieving diversity on the Board, and to make its recommendations for consideration and approval by the Board.

The Board will review and assess the effectiveness of the Board Diversity Policy on an annual basis to ensure that the objectives of the Board Diversity Policy are met and remain effective for the Company. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

The Board is of the view that the current composition and diversity of the Board facilitates effective decision-making. All director appointments are based on meritocracy with the objective of forming an effective board. In relation to gender diversity, the Board welcomes the selection of female candidates for director appointments. While the Board recognises the Singapore's Diversity Action Committee's progressive target of having at least 30% female representation on boards of Singapore-listed companies, the Board's collective view is that achieving the target should not be the main selection criteria and that board appointments based on the right blend of skills, experience relevant to the Group's business and ability to contribute effectively should remain a priority. Thus far, the Company has maintained 40% female representation in its Board or two out of five directors.

The Board, through the NC, has examined its size and is of the view that it is of an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

There is adequate relevant competence on the part of the directors, who, as a group, carry specialist backgrounds in accounting, finance, business and management and strategic planning. The profile of each of the directors is disclosed in the "**Board of Directors**" section of this annual report.

Provision 2.5 **Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.**

The independent directors participate actively in developing strategies and in reviewing the performance of the Group. Where necessary, the independent directors may meet and discuss about the Group's affairs without the presence of the executive directors and the management of the Group.

The Group does not have a non-executive director on the Board who is not independent.

Chairman and Chief Executive Officer

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

Provision 3.1 **The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.**

Mr Lim See Hoe is the Chairman and CEO of the Company.

Notwithstanding that the Chairman and the CEO is the same person, the Board is of the view that it is in the best interests of the Group to adopt a single leadership structure. This is to ensure that the decision-making process of the Group would not be unnecessarily hindered.

All major proposals and decisions on the matters listed under Provision 1.1 are discussed and reviewed by the Board as a whole. The independent directors currently form more than half the composition of the Board. With the establishment of three Board Committees and each committee being chaired by and comprise of independent directors, there are adequate safeguards in place to ensure accountability, transparency and prevention of uneven concentration of power, authority and decision-making in a single individual. As such, the Board is of the view that it would not be necessary for the Group to effect a separation of the role of the Chairman and the CEO.

Provision 3.2 **The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.**

Although the Chairman and the CEO is the same person, the role of the Chairman is separate from that of the CEO and there is a clear division of the responsibilities between the Chairman and CEO.

Mr Lim See Hoe leads the Board and is responsible for the overall corporate and strategic development, business direction, expansion plan and management of the Group. Mr Lim See Hoe, in his role as the Chairman of the Board, is responsible for scheduling Board meetings as and when required, setting the agenda for the Board meetings and ensuring the quality, quantity and timeliness of the flow of information between the management, the Board and the shareholders so as to enhance working relations among the management, executive and non-executive directors, and to encourage constructive communication with shareholders respectively. He is also responsible for ensuring compliance with the Company's guidelines on corporate governance.

Mr Lim See Hoe is assisted by Ms Lim Siew Cheng, who is an executive director and COO of the Company, in the management of the day-to-day operations of the Group. Ms Lim Siew Cheng is responsible for the Group's sales administration, operations and strategic planning. Mr Lim See Hoe and Ms Lim Siew Cheng are siblings.

Provision 3.3 **The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.**

As Mr Lim See Hoe is the Chairman and CEO of the Company, the Board has appointed Mr Kwah Thiam Hock as the Lead Independent Non-Executive Director to co-ordinate and lead the independent directors to provide non-executive perspective, to avail himself to shareholders where they have concerns and for which contact through the normal channels of the Chairman and CEO or the Chief Financial Officer has failed to resolve or is inappropriate, and to act as a counter-balance in the decision-making process and contribute a balanced viewpoint to the Board.

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

Board Membership

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

Provision 4.1 **The Board establishes an NC to make recommendations to the Board on relevant matters relating to:**

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the chairman, the CEO and key management personnel;
(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;
(c) the review of training and professional development programmes for the Board and its directors; and
(d) the appointment and re-appointment of directors (including alternate directors, if any.

The NC is guided by written terms of reference that describe the responsibilities of the NC and its members.

The principal functions of the NC are as follows:

(a) To review and recommend the nomination or re-nomination of directors having regard to, *inter alia*, each director's competency, contribution and performance;

(b) To determine on an annual basis whether or not a director is independent;

(c) To assess the performance of the Board, its Board Committees and contribution of each director to the effectiveness of the Board;

(d) To review the training and professional development programmes for the Board; and

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

Provision 4.2 **The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.**

To facilitate a formal and transparent process for the appointment and re-appointment of directors to the Board, the Board has formed the NC, which comprises:

Mr Chua Kim Leng	Chairman of NC and Independent Non-Executive Director
Mr Kwah Thiam Hock	Member and Lead Independent Non-Executive Director
Ms Joanne Khoo Su Nee	Member and Independent Non-Executive Director

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

Provision 4.3 **The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.**

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new director through the business networks of the Board. The NC will assess suitable candidates for appointment to the Board based on the requisite qualification, expertise and experience, and recommend the most suitable candidate to the Board for appointment as director.

Under the Company's Constitution, all directors are required to submit themselves for re-nomination and re-election at least once every three years. Directors who retire are eligible to offer themselves for re-election.

The NC assesses and recommends to the Board whether retiring directors are suitable for re-election. The NC, in considering the re-appointment of a director, evaluates such director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board Committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his or her own re-election. The NC has recommended the re-election of Mr Lim See Hoe and Ms Joanne Khoo Su Nee at the forthcoming AGM. The Board has accepted the NC's recommendations, and the two directors will be offering themselves for re-election.

Mr Lim See Hoe (Executive Chairman and CEO, and a controlling shareholder of the Company) is siblings with Ms Lim Siew Cheng (Executive Director and COO, and a substantial shareholder of the Company) and Ms Lim Siew Choo (General Administration Director of TEHO Ropes & Supplies Pte. Ltd., a wholly-owned subsidiary of the Company, and a substantial shareholder of the Company). Save for the foregoing, there are no other relationships including immediate family relationships between the retiring directors and the other directors of the Company, the Company and its 10% shareholders.

Provision 4.4 **The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.**

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

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

Provision 4.5 **The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.**

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

Key information regarding the directors is set out below:

Name of director	Date of first appointment	Date of last re-election	Principal Commitments	Directorships in other listed companies	
				Present	Past (Last five years)
Mr Lim See Hoe	10 June 2008	27 October 2020	TEHO International Inc Ltd.	Nil	Nil
Ms Lim Siew Cheng	15 October 2008	27 October 2021	TEHO International Inc Ltd.	Nil	Nil
Mr Kwah Thiam Hock	5 May 2009	27 October 2021	1. PM Shipping Pte Ltd 2. Philip Ventures Enterprise Fund 6 Ltd.	Wilmar International Limited	1. Select Group Limited 2. IFS Capital Limited 3. Excelpoint Technology Ltd.
Ms Joanne Khoo Su Nee	10 January 2014	24 October 2019	Bowmen Capital Private Limited	1. Netccentric Limited 2. ES Group (Holdings) Limited 3. JE Cleantech Holdings Ltd	1. Kitchen Culture Holdings Limited 2. Excelpoint Techology Ltd.
Mr Chua Kim Leng	1 January 2021	27 October 2021	-	1. United Overseas Insurance Limited 2. Yangzijiang Financial Holding Ltd.	Nil

The academic and professional qualifications and the information on shareholdings in the Company held by each director are set out in the "**Board of Directors**" and "**Directors' Statement**" sections of this annual report respectively.

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

Currently, there is no alternate director on 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.

Provision 5.1 **The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.**

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, that addresses how the directors have enhanced long-term shareholders' value.

Provision 5.2 **The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.**

In assessing the effectiveness of the Board as a whole and the different committees, the Board has implemented an assessment process which is carried out by the NC. Each director is provided an assessment checklist which includes evaluation factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders. The results of the assessments are then discussed at the NC meeting.

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

The NC, having reviewed the overall performance of the Board as a whole, its Board Committees as well as the performance of each individual director, is satisfied with their performance for the period under review. No external facilitator had been engaged by the Board in FY2022 for this purpose.

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Provision 6.1 **The Board establishes a RC to review and make recommendations to the board on:**

(a) a framework of remuneration for the Board and key management personnel; and
(b) the specific remuneration packages for each director as well as for the key management personnel.

The RC was formed to recommend to the Board a framework of remuneration for the directors and key management personnel, and to determine specific remuneration packages for each executive director. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits-in-kind are covered by the RC. In addition, the RC administers the TEHO Performance Share Plan 2021 (the "**TEHO PSP 2021**").

No individual director shall be directly involved in recommending and deciding their own remuneration.

Provision 6.2 **The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.**

The RC comprises:

Ms Joanne Khoo Su Nee	Chairwoman and Independent Non-Executive Director
Mr Kwah Thiam Hock	Member and Lead Independent Non-Executive Director
Mr Chua Kim Leng	Member and Independent Non-Executive Director

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

The principal functions of the RC are as follows:

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

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

Provision 6.3 **The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.**

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

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

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

Provision 6.4 **The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.**

If necessary, the RC shall seek advice from external remuneration consultants on the remuneration of all directors. The RC would also ensure that any relationship between the appointed remuneration consultant and any of the directors or the Company will not affect the independence and objectivity of the remuneration consultant.

No remuneration consultants were engaged for FY2022.

Level and Mix of Remuneration

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

Provision 7.1 **A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.**

The Company has a remuneration policy for the CEO and COO, which comprises a fixed component and a variable component. The fixed component is in the form of a base salary and a fixed one-month bonus while the variable component is in the form of a variable bonus which takes into account the performance of the Company and their respective performances. The performance-related elements of remuneration are designed to align the executive directors' interest with those of the Company's shareholders and link rewards to corporate and individual performance.

In setting remuneration packages, the Company also takes into consideration the remuneration packages and employment conditions in comparable positions and within the comparable industry and companies as well as its risk policies, arising from the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Mr Lim See Hoe and Ms Lim Siew Cheng, being CEO and COO respectively, are remunerated based on their respective service agreements with the Company. These service agreements will be renewed for such period as the Board may decide upon expiry, on such terms and conditions as the parties may agree. The agreements provide for termination by either party upon giving not less than six months' notice in writing.

Provision 7.2 **The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.**

The independent directors do not have service agreements with the Company. They are paid fixed directors' fees, which are determined by the Board appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each independent director. The directors' fees are subject to approval by shareholders at each AGM. The independent directors do not receive any other remuneration from the Company. The independent directors are not over-compensated to the extent that their independence may be compromised.

Provision 7.3 **Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.**

The review of the remuneration of the key management personnel takes into consideration the performance and contributions of the staff to the Group and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

The Company has adopted a long-term employee incentive scheme known as TEHO PSP 2021 that was approved by shareholders at the extraordinary general meeting held on 27 October 2021, to align itself with and embrace local trends and best practices in employee compensation and retention. The TEHO PSP 2021 aims to promote higher performance goals, recognise exceptional achievements and retain talents within the Group. The TEHO PSP 2021 is administrated by the RC. Please refer to the "**Directors' Statement**" section of this annual report for more information on the TEHO PSP 2021.

The Company has contractual provisions for the Company to reclaim incentive components of remuneration from its executive directors in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. With regards to the key management personnel, having reviewed and considered the variable components in the remuneration package of the key management personnel, the RC is of the view that it is not necessary to institute such contractual provisions.

Disclosure on Remuneration

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

Provision 8.1 **The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:**

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

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

A breakdown, showing the level and mix of each director's remuneration for FY2022 is as follows:

Remuneration band and name of director	Fee	Salary	Bonus	Benefits	Total
	%	%	%	%	%
$900,000 to below $1,000,000					
Mr Lim See Hoe	1.0	61.9	25.8	11.3	100.0
$500,000 to below $600,000					
Ms Lim Siew Cheng	1.9	71.0	23.7	3.4	100.0

Remuneration band and name of director	Fee	Salary	Bonus	Benefits	Total
	%	%	%	%	%
Below $100,000					
Mr Kwah Thiam Hock	100.0	–	–	–	100.0
Ms Joanne Khoo Su Nee	100.0	–	–	–	100.0
Mr Chua Kim Leng	100.0	–	–	–	100.0

The Code recommends the Company to name and disclose the remuneration of at least the top five key management personnel, who are not directors or CEO of the Company. For FY2022, the Company has three key management personnel (who is not a director or CEO of the Company).

A breakdown showing the remuneration level and mix of each of the Company's top key management personnel (who is not a director or CEO of the Company) is as follows:

Remuneration band and name of key management personnel	Position	Salary	Bonus	Benefits	Total
		%	%	%	%
$350,000 to below $400,000					
Ms Soare Siew Lian	CEO of USA Operations	72.1	5.8	22.1	100.0
$250,000 to below $350,000					
Mr Phua Sian Chin	Chief Financial Officer	73.7	14.4	11.9	100.0
Ms Lim Siew Choo	General Administration Director	75.3	20.3	4.4	100.0

The aggregate total remuneration paid to the above key management personnel (excluding the Executive Chairman and CEO, and the Executive Director and COO) amounted to approximately $955,000 for FY2022.

Provision 8.2 **The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.**

A breakdown, showing the FY2022 remuneration level and mix of each 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 is as follows:

Remuneration band and name of employee	Position	Fee	Salary	Bonus	Benefits	Total
		%	%	%	%	%
$900,000 to below $1,000,000						
Mr Lim See Hoe	Executive Chairman and CEO	1.0	61.9	25.8	11.3	100.0
$500,000 to below $600,000						
Ms Lim Siew Cheng	Executive Director and COO	1.9	71.0	23.7	3.4	100.0
$350,000 to below $400,000						
Ms Soare Siew Lian	CEO of USA Operations	–	72.1	5.8	22.1	100.0
$300,000 to below $350,000						
Ms Lim Siew Choo	General Administration Director	–	75.3	20.3	4.4	100.0

Note:

Mr Lim See Hoe, Ms Lim Siew Cheng and Ms Lim Siew Choo are substantial shareholders of the Company. Since the commencement of the Group's USA business, Ms Soare Siew Lian has been its CEO, while Ms Lim Siew Choo has been the General Administration Director of TEHO Ropes & Supplies Pte. Ltd., a wholly owned subsidiary of the Company. Ms Soare Siew Lian and Ms Lim Siew Choo are also directors of TEHO Ropes & Supplies Pte. Ltd.. Ms Soare Siew Lian and Ms Lim Siew Choo are siblings of the CEO and COO of the Company. Save as disclosed above, no employee of the Group whose remuneration exceeded $100,000 for FY2022, was a substantial shareholder, an immediate family member of a director, the CEO or a substantial shareholder of the Company.

Provision 8.3 **The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.**

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

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

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

Please refer to the "**Directors' Statement**" section of this annual report for more information on the TEHO PSP 2021.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1 **The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a board risk committee to specifically address this, if appropriate.**

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

The Board ensures that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. The Board keeps itself abreast and is kept informed by the management of legislative and regulatory requirements. It is also guided by the Company's Sponsor of legislative and regulatory changes to the Catalist Rules, if any.

The ARC replaced the AC with effect from 9 February 2022, with the ARC adopting the function of providing support to the Board in overseeing the risk management and internal control functions of the Group. The designation and composition of the ARC remain unchanged from that of the AC at that time.

In addition, the executive directors and the management regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews significant control policies and procedures, and highlights the significant matters to the Board and the ARC, furthermore, on the ARC's recommendation, the Board had appointed internal auditors (the "**Internal Auditors**"), being TRS Forensics Pte. Ltd., followed by NLA Risk Consulting Pte. Ltd. (as may be applicable), to undertake an Internal Audit Review of the Group annually and an Enterprise Risk Management Update Review on a biennial basis. In this regard, TRS Forensics Pte Ltd conducted an Enterprise Risk Management Update Review of the Group and a review on the Group's internal control systems in respect of FY2021 and the first half of FY2022, while NLA Risk Consulting Pte Ltd conducted a review on the Group's internal control systems in respect of the second half of FY2022.

Having reviewed the qualifications, experience, resource, independence and reporting structure of the Internal Auditors, the ARC is satisfied that the Company's internal audit function is staffed by suitably qualified and experienced professionals with the relevant qualifications and experience.

The ARC reviews the adequacy of the internal audit function on an annual basis and is satisfied that it is adequately resourced and has appropriate standing within the Group to perform its duties effectively.

On the recommendation of the ARC, the Chief Financial Officer takes on the additional duties of a compliance officer, and co-ordinates and oversees the works of the Company's professional service providers.

<u>Enterprise Risk Management</u>

The ARC (formerly, the AC) had engaged the Internal Auditors to undertake an Enterprise Risk Management Update Review of the Group, which commenced in November 2021, to enable the Board and the management to understand the inherent industry, financial, operational, compliance and information technology risks of the Group.

As part of the Enterprise Risk Management Update Review, the Internal Auditors engaged key members of management including the ARC members and the CEO to carry out the following:

(a) Understand the organisational structure and current internal and external operating environment of the various business units of the Group;

(b) Identify events, assess risk, evaluate risk responses and control activities in place;

(c) Determine the impact and likelihood of the identified risks;

(d) Identify improvement opportunities for control gaps; and

(e) Prioritise and rank the identified risks.

The Enterprise Risk Management Update Review is part of the Group's efforts to periodically review its Enterprise Risk Management framework on a biennial basis and enhance such framework in response to changes in the external environment and business processes. The Group will continue to proactively evaluate the risks faced by the Group and ensure appropriate risk treatment.

The next Enterprise Risk Management Update Review of the Group is scheduled to take place in November 2023.

Internal controls

On 1 December 2020, the Board, based on the ARC's recommendation, selected and appointed the Internal Auditors to review, recommend, and carry out subsequent follow-up review on the Group's internal control systems. The first full cycle internal audit carried out by the Internal Auditors spanned over the FY2021 and FY2022 which covered the following major areas of operations of the Group under two phases:

Phase 1 (conducted in FY2021):

(a) Revenue to collection;

(b) Fabrication and commissioning management (for the Marine & Offshore Segment); and

(c) IT controls and cybersecurity.

Phase 2 (conducted in FY2022):

(a) Procurement to payment;

(a) Fixed asset management;

(b) Human resource and payroll;

(c) Revenue to collection; and

(d) Operational finance.

The aforementioned review was completed and the Internal Auditors issued four reports to the ARC. Three reports in relation to the local subsidiaries in the Marine & Offshore and Property Segments, dated 16 December 2020, 10 May 2021 and 27 December 2021. One report was issued in relation to an overseas subsidiary in the Marine & Offshore Segment dated 19 April 2022.

The reports, which included recommendations and areas for improvements, were also disseminated to the key members of management for follow-up actions. Based on the remedial actions taken by the Group on the Internal Auditor's recommendations, and the on-going review of and the continuing efforts at enhancing internal controls and processes, the Board, with the concurrence of the ARC, is satisfied that in the absence of any evidence to the contrary, the system of internal controls in place is adequate and effective in meeting the needs of the Group in its current business environment.

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

With the assistance of the ARC, the Board has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over financial, operational, compliance and information technology risks. The assessment considered issues dealt with in reports reviewed by the ARC and the Board during the financial year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2022. The reports reviewed by the ARC and the Board during the financial year include (a) the External Auditor's Salient Features Memorandum in relation to the FY2022 external audit, (b) the Internal Auditor's internal audit report for FY2022, and (c) the Enterprise Risk Management Update Review report.

The Board's annual assessment in particular considered:

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

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

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

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

Provision 9.2 **The Board requires and discloses in the company's annual report that it has received assurance from:**

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

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

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

(a) the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view of the Group's operations and finances; and

(b) that the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls.

In addition, the Board has received assurance from the key management personnel (being the Executive Director and COO, General Administration Director of TEHO Ropes & Supplies Pte. Ltd. and the CEO of the Group's USA Operations) that the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls.

Opinion on adequacy of Group's internal controls

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditors and External Auditors, and reviews performed by the management and the Board, the Board with the concurrence of the ARC, is of the opinion that the risk management systems and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group, are adequate and effective as at 30 June 2022. The Board and the ARC note that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Audit Committee

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

Provision 10.1 **The duties of the AC include:**

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

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

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

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

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

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

The ARC has written terms of reference clearly setting out its authority and duties.

The ARC meets periodically to perform, *inter alia*, the following functions:

(a) To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance, taking cognisance of any new reporting requirements for financial statements promulgated by the Accounting and Corporate Regulatory Authority or other applicable statutes or regulations from time to time;

(b) To review with the external auditors the audit plan, their evaluation of the system of internal controls, the audit report, the management letter and the management's response;

(c) To review with the internal auditors the internal audit plan and their evaluation of the adequacy of the internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;

(d) To review the financial statements 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 accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(e) To review the internal controls and procedures and ensure co-ordination between the external auditors and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(f) To oversee management in establishing the risk management framework of the Group;

(g) To review the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, governance and information technology controls) and to report to the Board annually;

(h) To review the adequacy, effectiveness, independence, scope and results of the external audit and the internal audit function;

(i) To review and discuss with external and internal auditors (if any), 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 the management's response;

(j) To review the Group's key financial risk areas (including but not limited to, the Group's cash management policies and cash position, collection of debts, hedging policies and transactions, speculative trading policies and positions and off-balance sheet items);

(k) To consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors as well as the remuneration and terms of engagement of the external auditors;

(l) To review transactions falling within the scope of Chapter 9 of the Catalist Rules;

(m) To review any potential conflicts of interest;

(n) To undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC; and

(o) Generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the above functions, the ARC is tasked to commission and review the findings of investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the Company's operating results or financial position.

The ARC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management and full discretion to invite any director or key management personnel to attend its meetings, and reasonable resources, including access to external consultants and auditors, to enable it to discharge its functions properly.

It is the Company's practice for the External Auditors to present to the ARC their audit plan together with updates relating to any changes in accounting standards impacting the financial statements. During the ARC meetings in FY2022, the External Auditors had briefed the ARC on the changes in accounting standards.

The ARC had discussed with the management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matters were discussed with the management and the External Auditors, and reviewed by the ARC in respect of FY2022:

Matters considered	**Audit and Risk Committee's comments**
Valuation of inventories	The ARC considered the approach and methodology applied to the allowances for inventory obsolescence. In addition, the ARC discussed the above with the External Auditor. The ARC was satisfied with management's assessment. The external auditor has included this item as a key audit matter in the audit report for FY2022. Please refer to Page 63 of this annual report.

The ARC reviews the independence of the External Auditors on an annual basis. There was no provision of non-audit service by the External Auditors for FY2022. In the ARC's opinion, KPMG LLP is suitable for re-appointment and it has accordingly recommended to the Board that KPMG LLP be nominated for re-appointment as auditors of the Company at the forthcoming AGM. KPMG LLP is registered with the Accounting and Corporate Regulatory Authority of Singapore. A breakdown of the External Auditors' fees paid for audit and non-audit services for FY2022 is provided in the "**Audit and Non-Audit Fees**" section of this Report of Corporate Governance.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firms for the Group.

NLA Risk Consulting Pte Ltd is a corporate member of the Institute of Internal Auditors Singapore. The internal audit work carried out is guided by International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

As part of the internal audit process, the Internal Auditors carry out the following:

(a) Evaluate the Group's control design effectiveness and adequacy;

(b) Develop and execute control testing programmes to determine compliance of internal controls;

(c) Highlight areas where control weaknesses and lapses exist;

(d) Analyse root causes of audit findings where possible and identify improvement opportunities;

(e) Summarise issues, improvement opportunities and recommendations; and

(f) Prepare an Internal Audit Report outlining the Internal Auditors' findings and recommendations for improvements noted in the processes and procedures. A risk rating will be assigned to each finding.

During FY2022, the Internal Auditors had reviewed key internal controls in the major operational areas of the Group as detailed in the internal audit plan submitted to and approved by the ARC as mentioned in Principle 9. Findings and the Internal Auditors' recommendations on areas of improvement were reported to the ARC and for management's implementation and were also made available to the External Auditors for review.

Whistle Blowing Policy

The Board advocates the highest level of conduct and ethical standards of governance for the Group. The Group's employee handbook provides a set of guiding principles in terms of having the appropriate conduct for common ethical issues, such as conflicts of interest, bribery and corruption, confidential information and insider trading, among others. The Group also educates all its employees on the Group's Whistle Blowing Policy, to facilitate the reporting of suspected and actual cases of improper, unethical or fraudulent conduct.

A copy of the Whistle Blowing Policy has been posted on the Company's website for the information of its stakeholders, which includes staff, suppliers and customers. The Company's Whistle Blowing Policy can be found at https://investor.teho.com.sg/whistle_blowing_arrangement.html.

The reporting procedures and follow-up procedures regarding matters raised are also specified in the Whistle Blowing Policy, and whistle blowers are assured that the Group does not permit retaliation or harassment of any kind against individuals for complaints submitted hereunder that are made in good faith and intention. No individual will be at risk of suffering any form of retaliation or retribution as a result of raising a genuine concern in good faith and intention, even if the concern turns out to be mistaken.

The Chairman of the ARC is responsible for investigating and/or resolving all complaints or concerns submitted under the Whistle Blowing Policy. The Chairman of the ARC will report any valid enquiries or complaints received, including the results of his investigation, to the ARC and the Board of Directors. In conducting the investigation, reasonable best efforts will be used to protect the confidentiality and anonymity of the whistle blower, subject to the need to conduct a thorough investigation. Employees' and any other persons' identities will not be disclosed without prior consent from such persons, save in certain circumstances where disclosure is necessary, such as where required under the applicable laws and regulations, or to aid in criminal investigations.

In addition, the Chairman of the ARC is required to report at least annually to the ARC on the Whistle Blowing Policy and his activities under it, and to immediately report on any matters under the Whistle Blowing Policy relating to the Group's internal controls and the integrity of its financial results.

There were no incidents pertaining to whistleblowing for FY2022. There were also no cases of bribery, corruption, anti-competitive behaviour, or other material non-compliance with the law during the year.

Provision 10.2 **The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.**

The ARC comprises:

Mr Kwah Thiam Hock	Chairman and Lead Independent Non-Executive Director
Mr Chua Kim Leng	Member and Independent Non-Executive Director
Ms Joanne Khoo Su Nee	Member and Independent Non-Executive Director

The ARC comprises entirely independent directors and it has written terms of reference clearly setting out its authority and duties.

All members of the ARC (including the Chairman) have accounting and related financial management expertise. The Board is of the view that the ARC has the necessary experience and expertise required to discharge its duties.

Provision 10.3 **The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.**

No former partner of the Company's existing audit firms is a member of the ARC.

Provision 10.4 **The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.**

The ARC, in consultation with the management, approves the hiring, removal, evaluation and compensation of the internal auditors. As the size of the operations of the Group does not warrant the Group having an in-house internal audit function, the Group outsourced its internal audit function to the Internal Auditors, NLA Risk Consulting Pte Ltd, as mentioned in Principle 9. The Internal Auditors consult and report directly to the ARC and administratively to the Board, and has unrestricted access to the documents, records, properties and personnel of the Group.

NLA Risk Consulting Pte Ltd is part of NLA DFK, a group of accounting and advisory firms with a history in Singapore since 1948. NLA DFK is a member firm of DFK International, a top international association of independent accounting firms and business advisers. NLA Risk Consulting Pte Ltd is a suitably appointed qualified firm of risk consultants (including Certified Internal Auditors), with its processes guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The firm currently maintains an outsourced internal audit portfolio of about 20 companies listed on the SGX-ST in the construction, property development, manufacturing, healthcare, logistics, engineering services and trading industries. The engagement team for this engagement comprises a Director, a Manager and is supported by two internal auditors. The Director, Mr Gary Ng, has close to 20 years of relevant experience and is a Certified Internal Auditor whilst the Manager has more than 10 years of relevant experience and is a Certified Internal Auditor.

Provision 10.5 **The AC meets with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually.**

The ARC had met with the External Auditors, without the presence of management, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the External Auditors.

The ARC had met with the Internal Auditors without the presence of management to discuss their findings on the Company's observance of internal control measures that are in place.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provision 11.1 **The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.**

The Company's annual report and notice of AGM or general meetings are made available to all shareholders. For the financial performance reporting via the SGXNet to the SGX-ST and the annual report to the shareholders, the Board has a responsibility to present a balanced and understandable assessment of the Group's performance, financial position and prospects to the public, including interim and other price sensitive public reports and reports to regulators (if required).

All shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively at such meetings. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings.

For the forthcoming AGM, the notice of AGM and the accompanying annual report and proxy form are made available to shareholders solely by electronic means via publication on the Company's website and the SGXNET. Shareholders may vote "live" at the AGM by electronic means or submit a proxy form to appoint proxy(ies) or the Chairman of the AGM as their proxy to attend and vote on their behalf at the AGM, if such shareholders wish to exercise their voting rights at the AGM. Shareholders would be allowed to observe and/or listen to the AGM proceedings, and may submit their questions relating to the resolutions set out in the notice of the AGM to the Company in advance or "live" at the AGM.

The Company has specified in the notice of AGM the detailed information on attending the AGM by electronic means, such as instructions to shareholders on how they may (i) access the annual report and proxy form, (ii) participate to observe and/or listen to the AGM proceedings, (iii) submit their questions in advance of the AGM electronically (e.g. via email) or "live" at the AGM, and (iv) vote at the AGM (a) "live" by the shareholders or their duly appointed proxies (other than the Chairman of the AGM) or (b) by appointing the Chairman of the AGM as proxy to vote on the shareholders' behalf at the AGM and indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions.

The Company will also address the substantial and relevant questions from shareholders, if any, before the AGM by electronic means via publication on the Company's website and the SGXNET.

The Board adheres to the requirements of the Catalist Rules where all resolutions are to be voted by poll for general meetings held on or after 1 August 2015 and the Company will announce the detailed results, showing the number of votes cast for and against each resolution and the respective percentages, to the shareholders and the public.

Provision 11.2 **The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.**

The Company takes note that there should be separate resolutions at general meetings on each substantially separate issue and to avoid "bundling" resolutions. In the event that there are resolutions which are interlinked, the Board will provide reasons and material implications in the annual report and related documents / notice of general meeting.

Provision 11.3 **All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.**

The Chairman of the Board, as well as the respective Chairman of each Board Committee is required to be present to address questions at the AGM or, if necessary, any general meetings. The External Auditors are also present at such meeting to assist the directors to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report, if necessary. Please refer to Provision 1.5 for details on the Directors' attendance at general meetings held during FY2022.

Provision 11.4 **The company's constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.**

The Company's Constitution allows a shareholder to appoint not more than two proxies to attend and vote in the shareholder's place at the general meetings through proxy forms sent in advance. In line with the amendments to the Companies Act, corporate shareholders of the Company who provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at the general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

Shareholders who wish to vote at the forthcoming AGM for FY2022 may vote "live" at the AGM by electronic means or submit a proxy form to appoint proxy(ies) or the Chairman of the AGM as their proxy to attend and vote on their behalf at the AGM and indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions. The detailed information regarding how shareholders may vote (a) "live" by the shareholders or their duly appointed proxies (other than the Chairman of the AGM) or (b) by appointing the Chairman of the AGM as proxy to vote on the shareholders' behalf at the AGM, and submission of questions has been specified in the notice of AGM.

Provision has been made in the Company's Constitution to allow shareholders to vote in absentia, including voting by mail, electronic mail or facsimile. However, such methods may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Shareholders through the web are not compromised.

As the authentication 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, except by appointment of proxy.

Provision 11.5 **The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the board and management.**

The company secretaries prepare minutes of the general meetings, which capture the essence of the comments or queries from shareholders and responses from the Board and the management. All minutes of AGM or general meetings that include substantial and relevant comments or queries from the shareholders and responses from the Board and the Management will be published on the SGXNET and/or the Company's website within one month from such general meetings.

Provision 11.6 **The company has a dividend policy and communicates it to shareholders.**

The Company does not have a definite dividend policy as the form, frequency and amount of dividends declared each year will take into consideration the Group's retained earnings and expected future earnings, cash flow, capital requirements and general financing condition, as well as general business conditions and other factors as the Board may deem appropriate. Any dividend payments will be clearly communicated to shareholders via announcements on the SGXNet.

The Board has proposed a first and final (tax exempt one-tier) dividend of 0.10 Singapore cent per ordinary share for FY2022, subject to shareholders' approval at the forthcoming AGM.

Engagement With Shareholders

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

Provision 12.1 **The company provides avenues for communication between the board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.**

The Group's corporate governance practices promote fair and equitable treatment of all shareholders. The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group via announcements on the SGXNet. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

The Company does not practise selective disclosure. Results and annual reports are announced or issued within the mandatory period.

Provision 12.2 **The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.**

The Company conducts its investor relations on the following principles:

(a) Information deemed to be price-sensitive and/or trade-sensitive is disseminated without delay via announcements on the SGXNet;

(b) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and

(c) Operate an open policy with regard to investors' enquiries.

Provision 12.3 **The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.**

The investor relations team can be reached at ir@teho.com.sg.

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

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

Provision 13.1 **The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.**

The Company recognises the importance of close collaboration with its key stakeholders such as employees, investors and media, suppliers and service providers, customers, and etc., in order to achieve sustainable business goals. The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicate with them to align the Company's expectation and goals.

Both executive and independent directors meet or speak with shareholders regularly, primarily through general meetings of shareholders, to gather their views and address concerns.

Provision 13.2 The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholders, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised though stakeholder engagement and can be found in the Company's Annual Report 2022.

Provision 13.3 The company maintains a current corporate website to communicate and engage with stakeholders.

The Company maintains its corporate website (https://teho.com.sg/) providing information about the Company such as the Board of Directors and Management team, products or services, as well as all disclosures and announcements of the Company submitted to the SGX-ST via the SGXNet. Stakeholders can also contact the Company through phone or e-mail, the details of which can be found on the Company's website.

ADDITIONAL INFORMATION

Dealing in Securities

The Company has devised and adopted policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in the Company's securities by its directors and officers.

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

In addition, directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The Company issues half yearly circulars to its directors and officers informing them that they must not deal in the Company's securities before the release of results and at any time they are in possession of unpublished material price-sensitive information.

Interested Person Transactions

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

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

Details of the interested person transaction entered into by the Group for FY2022 as required to be disclosed pursuant to Rule 1204(17) of the Catalist Rules are set out below:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
		FY2022	FY2021	FY2022	FY2021
Asdev Investments Pte. Ltd. - Rental of office space (1)	Common director and shareholder	$290,176	$287,936	-	-

Note:

(1) Annual rental pursuant to the Lease Agreement dated 29 July 2021 entered into between TEHO Ropes & Supplies Pte. Ltd. ("**TRSPL**"), a wholly owned subsidiary of the Company and Asdev Investments Pte. Ltd. (where Mr Lim See Hoe, a director and controlling shareholder of the Company, is a director and sole shareholder) for taking a lease in respect of the property located at 1 Commonwealth Lane #09-23/24/25/26 One Commonwealth Singapore 149544. The term of the aforesaid lease agreement was one year commencing from 1 August 2021 and expired on 31 July 2022.

TRSPL had on 29 July 2022 renewed the lease with Asdev Investments Pte. Ltd. for a period of one year commencing from 1 August 2022 and expiring on 31 July 2023.

Audit and Non-Audit Fees

During FY2022, the aggregate amount of fees paid or payable to the External Auditors for the audit services amounted to $207,000.

There was no provision of non-audit services by the External Auditors for FY2022.

Non-Sponsor Fees

With respect to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor, SAC Capital Private Limited, for FY2022.

Material Contracts and Loans

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the "**Interested Person Transactions**" section above, the "**Directors' Statement**" section of this annual report, the audited financial statements and the service agreements between the Company and the executive directors, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Information on Directors Seeking Re-Election

Mr Lim See Hoe and Ms Joanne Khoo Su Nee are the directors seeking re-election at the forthcoming AGM of the Company. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Mr Lim See Hoe and Ms Joanne Khoo Su Nee in accordance with Appendix 7F of the Catalist Rules is set out below:

	MR LIM SEE HOE	MS JOANNE KHOO SU NEE
Date of appointment	10 June 2008	10 January 2014
Date of last re-appointment (if applicable)	27 October 2020	24 October 2019
Age	54	48
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the NC and assessed Mr Lim's overall contributions and performance, is of the view that he is suitable for re-appointment as an executive director of the Company.	The Board, having considered the recommendation of the NC and assessed Ms Khoo's overall contributions and performance, is of the view that she is suitable for re-appointment as an independent non-executive director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. As set out in Mr Lim's profile write-up on page 9 of this annual report.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and CEO	Independent Non-Executive Director, Chairwoman of the RC and member of the ARC and NC
Professional qualifications	1. Bachelor of Engineering (Mechanical) degree, Nanyang Technological University 2. Master of Business in International Marketing, Curtin University of Technology	1. Certified Public Accountant, CPA Australia 2. Chartered Accountant, Malaysian Institute of Accountants
Working experience and occupation(s) during the past 10 years	As set out in Mr Lim's profile write-up on page 9 of this annual report.	As set out in Ms Khoo's profile write-up on page 9 of this annual report.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 82,788,818 ordinary shares	Nil

	MR LIM SEE HOE	MS JOANNE KHOO SU NEE
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	Mr Lim is siblings with the following individuals: 1. Ms Lim Siew Cheng (Executive Director and COO, and a substantial shareholder of the Company); 2. Ms Soare Siew Lian (CEO of the Group's USA Operations); 3. Ms Lim Siew Choo (General Administration Director of the Group and a substantial shareholder of the Company); and 4. The late spouse of Mdm Ong Chuey Geok (a substantial shareholder of the Company), Mr Lim See Heng.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Catalist Rule 704(6) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships	<u>Past (for the last 5 years)</u> Executive Director of: 1. TEHO Development (Cambodia) Pte. Ltd. 2. ECG Property Global Pte. Ltd. 3. TEHO Offshore Pte. Ltd. 4. TEHO Property Network Pte. Ltd. Other Principal Commitments: Nil	<u>Past (for the last 5 years)</u> Independent Non-Executive Director of: 1. Excelpoint Technology Ltd 2. Kitchen Culture Holdings Limited 3. Paylinks Pte. Ltd. Other Principal Commitments: Nil

	MR LIM SEE HOE	MS JOANNE KHOO SU NEE
	Present Executive Director of: 1. TEHO Development Pte. Ltd. 2. TEHO Engineering Pte. Ltd. 3. TEHO Property Consultants Pte. Ltd. 4. TEHO Property Services Pte. Ltd. 5. TEHO Ropes & Supplies Pte. Ltd. 6. TEHO Water & Envirotec Pte. Ltd. 7. TI Development Pte. Ltd. 8. Caseworks Pte. Ltd. 9. TEHO EuROPE B.V. 10. TEHO EuROPE Property B.V. 11. TEHO Ropes Korea Co., Ltd. President of TEHO International (USA), LLC Other Principal Commitments: Nil	Present Independent Non-Executive Director of: 1. ES Group (Holdings) Limited 2. JE Cleantech Holdings Ltd 3. Netccentric Limited Founder/Executive Director of Bowmen Capital Private Limited Other Principal Commitments: 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

		MR LIM SEE HOE	MS JOANNE KHOO SU NEE
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

		MR LIM SEE HOE	MS JOANNE KHOO SU NEE
(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

	MR LIM SEE HOE	MS JOANNE KHOO SU NEE
(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 (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 (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 (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

		MR LIM SEE HOE	MS JOANNE KHOO SU NEE
(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

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2022.

In our opinion:

(a) the financial statements set out on pages 66 to 130 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 30 June 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

Lim See Hoe
Lim Siew Cheng
Kwah Thiam Hock
Joanne Khoo Su Nee
Chua Kim Leng

Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary shares fully paid		
Lim See Hoe	82,788,818	82,788,818
Lim Siew Cheng	30,012,555	30,012,555

By virtue of Section 7 of the Act, Mr Lim See Hoe is deemed to have an interest in all the subsidiaries of the Company at the beginning and at the end of the financial year.

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

The directors' interest as at 21 July 2022 were the same as those at the end of the financial year.

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

Performance share plan

The Company's long-term employee incentive scheme known as the TEHO Performance Share Plan 2021 ("TEHO PSP 2021") was approved and adopted by shareholders at the Company's extraordinary general meeting held on 27 October 2021. TEHO PSP 2021 is administered by the Remuneration Committee ("RC") with such discretion, powers and duties as are conferred on it by the Board of Directors. The members of the RC are Ms Joanne Khoo Su Nee, Mr Kwah Thiam Hock and Mr Chua Kim Leng.

TEHO PSP 2021 contemplates the award of fully-paid shares in the capital of the Company to participants after certain pre-determined benchmarks have been met. The Company believes that TEHO PSP 2021 will be more effective than pure cash bonuses in motivating employees to work towards pre-determined goals and promoting the long-term interest of the Company.

TEHO PSP 2021 shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing from its adoption by the shareholders and may continue beyond the stipulated period with the approval of the shareholders by an ordinary resolution in general meeting and of any relevant authorities which may then be required.

Under the rules of TEHO PSP 2021 and at the absolute discretion of the RC, confirmed full-time employees of the Group who are of the age of 18 years and above, and directors of the Company who have contributed or will contribute to the success and the development of the Group are eligible to participate in TEHO PSP 2021. However, participation in TEHO PSP 2021 by the directors who are also controlling shareholders and their associates are subject to the approval by independent shareholders of the Company at a general meeting.

The total number of shares that may be issued or are issuable pursuant to the granting of the awards under TEHO PSP 2021, when added to the aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% (or such other percentage as may be prescribed or permitted from time to time by the SGX-ST) of the total number of issued ordinary shares of the Company on the day immediately preceding the relevant grant date.

There were no awards granted under TEHO PSP 2021 by the Company or any corporation in the group since its inception and during the financial year.

There were no shares issued during the financial year by virtue of the exercise of awards to take up unissued shares of the Company or any corporation in the group.

There were no unissued shares under TEHO PSP 2021 in the Company or any corporation in the group as at the end of the financial year.

Share options

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

Audit committee

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

Kwah Thiam Hock	–	Chairman of Audit Committee and Lead Independent Non-Executive Director
Joanne Khoo Su Nee	–	Independent Non-Executive Director
Chua Kim Leng	–	Independent Non-Executive Director

DIRECTORS' STATEMENT

The Audit Committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent External Auditors their audit plan;
- Reviewed with the independent External Auditors their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the Internal Auditors on the scope and results of the internal audit procedures (including those relating to financial, operational, compliance and information technology controls and risk management) and the assistance given by the management to the Internal Auditors;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoptions; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the statement on corporate governance included in the annual report. It also includes an explanation of how independent auditors' objectivity and independence are safeguarded where the independent auditors provide non-audit services.

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

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

Auditors

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

On behalf of the Board of Directors

Lim See Hoe
Director

Lim Siew Cheng
Director

30 September 2022

INDEPENDENT AUDITOR'S REPORT

Members of the Company
TEHO International Inc Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TEHO International Inc Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2022, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 66 to 130.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

Valuation of inventories
(Refer to Note 8 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
As at 30 June 2022, the Group holds inventories of \$25.1 million (2021: \$21.2 million). The inventories comprise mainly of wire and fibre ropes which are typically held for a period of up to 36 months to complement the Group's product range and to maintain the Group's competitive advantage. Cost of inventories may not be recoverable fully if the inventories become obsolete. Management estimates the allowance for inventory obsolescence taking into consideration the age of the inventories, results of technical assessment, historical utilisation experience and the prevailing market conditions of the marine and offshore industry which involves judgement.	**Our response:** We assessed the appropriateness of the Group's policies used in estimating inventory obsolescence in the context of our understanding of the Group's business and taking into consideration the nature and ageing of the inventories. We assessed the reasonableness of the Group's assessment of the allowance for inventory obsolescence by considering the historical sale trends of the Group's aged inventories. **Our findings:** We found management's estimate of allowance for inventory obsolescence to be supportable.

Other information

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

We have obtained all other information prior to the date of this auditor's report.

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ronald Tay Ser Teck.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 September 2022

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

	Note	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Assets					
Property, plant and equipment	4	14,709,352	13,063,262	249,728	303,951
Investment in subsidiaries	5	–	–	16,184,006	16,184,006
Investment in associate and joint venture	6	–	75,982	–	–
Deferred tax assets	7	232,663	163,566	–	–
Trade and other receivables	11	500,272	–	–	–
Non-current assets		15,442,287	13,302,810	16,433,734	16,487,957
Inventories	8	25,093,190	21,195,973	–	–
Development properties	9	5,465,226	5,357,030	–	–
Contract costs	10	26,250	56,538	–	–
Tax recoverable		1,038	12,116	–	–
Trade and other receivables	11	10,056,463	9,635,045	8,165,036	5,782,596
Contract assets	12	38,898	315,003	–	–
Cash and cash equivalents	13	4,536,280	6,981,664	84,298	100,916
Current assets		45,217,345	43,553,369	8,249,334	5,883,512
Total assets		60,659,632	56,856,179	24,683,068	22,371,469

	Note	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Equity					
Share capital	14	33,035,508	33,035,508	33,035,508	33,035,508
Other reserves	15	(406,043)	185,609	–	–
Accumulated losses		(12,284,485)	(15,107,969)	(53,099,530)	(55,162,338)
Total equity		20,344,980	18,113,148	(20,064,022)	(22,126,830)
Liabilities					
Loans and borrowings	16	9,175,352	12,169,853	–	–
Trade and other payables	17	–	116,211	–	–
Deferred tax liabilities	7	1,000	37,312	–	–
Non-current liabilities		9,176,352	12,323,376	–	–
Loans and borrowings	16	23,904,791	20,150,872	–	–
Trade and other payables	17	6,297,502	5,644,389	44,732,121	44,483,936
Contract liabilities	12	458,303	188,974	–	–
Current tax liabilities		477,704	435,420	14,969	14,363
Current liabilities		31,138,300	26,419,655	44,747,090	44,498,299
Total liabilities		40,314,652	38,743,031	44,747,090	44,498,299
Total equity and liabilities		60,659,632	56,856,179	24,683,068	22,371,469

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 June 2022

	Note	Group 2022 $	Group 2021 $
Revenue	18	57,176,164	61,814,524
Cost of sales		(34,580,536)	(40,014,130)
Gross profit		22,595,628	21,800,394
Other operating income		1,499,635	1,389,131
Distribution expenses		(1,572,417)	(1,216,753)
Administrative expenses		(13,610,529)	(13,188,490)
Other operating expenses		(4,329,058)	(3,702,340)
Results from operating activities		4,583,259	5,081,942
Finance income	19	3,675	266
Finance costs	19	(915,392)	(969,023)
Net finance costs		(911,717)	(968,757)
Share of results of equity-accounted investees (net of tax)	6	–	15,982
Profit before tax	20	3,671,542	4,129,167
Tax expense	21	(848,058)	(898,130)
Profit for the year		2,823,484	3,231,037
Earnings per share			
Basic (cents)	22	1.20	1.37
Diluted (cents)	22	1.20	1.37

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2022

	Group 2022 $	Group 2021 $
Profit for the year	2,823,484	3,231,037
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences, net of tax	(591,652)	(5,137)
Other comprehensive income for the year, net of tax	(591,652)	(5,137)
Total comprehensive income for the year	2,231,832	3,225,900

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2022

	Share capital $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
Group				
At 1 July 2020	33,035,508	190,746	(18,339,006)	14,887,248
Total comprehensive income for the year				
Profit for the year	–	–	3,231,037	3,231,037
Other comprehensive income				
Foreign currency translation differences	–	(5,137)	–	(5,137)
Total comprehensive income for the year	–	(5,137)	3,231,037	3,225,900
At 30 June 2021	33,035,508	185,609	(15,107,969)	18,113,148
At 1 July 2021	33,035,508	185,609	(15,107,969)	18,113,148
Total comprehensive income for the year				
Profit for the year	–	–	2,823,484	2,823,484
Other comprehensive income				
Foreign currency translation differences	–	(591,652)	–	(591,652)
Total comprehensive income for the year	–	(591,652)	2,823,484	2,231,832
At 30 June 2022	33,035,508	(406,043)	(12,284,485)	20,344,980

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2022

	Group 2022 $	Group 2021 $
Cash flows from operating activities		
Profit before tax	3,671,542	4,129,167
Adjustments for:		
Bad debts written off	39,219	2,142
Depreciation of property, plant and equipment	1,571,649	1,665,164
Fair value gain on derivatives	(166,892)	(69,385)
Gain on disposal of plant and equipment	(1,311)	(59,471)
Gain on disposal of an associate	(8,398)	–
Gain on modification of lease contracts	(922)	(26,036)
(Reversal of impairment)/Impairment loss on trade and other receivables and contract assets	(23,023)	111,403
Loss on disposal of assets held for sale	–	810
Net finance costs	911,717	968,757
Share of results of equity-accounted investees (net of tax)	–	(15,982)
Operating cash flows before changes in working capital	5,993,581	6,706,569
Changes in:		
- Inventories	(4,134,488)	1,148,326
- Development properties	(82,353)	5,505,723
- Contract costs	30,288	(56,538)
- Trade and other receivables	(987,628)	1,082,900
- Contract assets	280,245	85,711
- Trade and other payables	398,859	(132,453)
- Contract liabilities	268,861	(90,796)
Cash generated from operations	1,767,365	14,249,442
Tax paid	(900,643)	(996,418)
Net cash from operating activities	866,722	13,253,024

	Note	Group 2022 $	Group 2021 $
Cash flows from investing activities			
Acquisition of an associate		–	(60,000)
Acquisition of property, plant and equipment		(1,535,757)	(776,417)
Interest received		299	266
Proceeds from disposal of an associate		84,380	–
Proceeds from disposal of assets held for sale		–	3,168,000
Proceeds from disposal of plant and equipment		29,612	82,500
Net cash (used in)/from investing activities		(1,421,466)	2,414,349
Cash flows from financing activities			
Interest paid		(941,235)	(1,076,087)
Payment of lease liabilities		(750,710)	(869,388)
Proceeds from loans and borrowings		22,821,777	23,160,691
Repayment of loans and borrowings		(23,167,257)	(35,176,998)
Net cash used in financing activities		(2,037,425)	(13,961,782)
Net (decrease)/increase in cash and cash equivalents		(2,592,169)	1,705,591
Cash and cash equivalents at beginning of the year		6,981,664	5,310,252
Effect of exchange rate fluctuations on cash held		146,785	(34,179)
Cash and cash equivalents at end of the year	13	4,536,280	6,981,664

Significant non-cash transactions

During the year, the addition of property, plant and equipment of $3,961,219 (2021: $1,803,804), which comprise the following:

- acquisition of property, plant and equipment with an aggregate cost of $3,337,835 (2021: $776,417), of which $1,889,636 (2021: $Nil) were financed by bank loan borrowings; and
- recognition of non-cash addition of right-of-use assets of $535,826 (2021: $1,027,387).

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 September 2022.

1 Domicile and activities

TEHO International Inc Ltd. (the "Company") is a company incorporated in Singapore with limited liability. The address of the Company's registered office is 1 Commonwealth Lane, #09-23, One Commonwealth, Singapore 149544.

The financial statements of the Group as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The Company is an investment holding company. The principal activities of the subsidiaries are described in Note 5.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2 Basis of preparation (continued)

2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about key judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 8 Measurement of realisable amounts of inventories.

Measurement of fair values

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

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

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

2 Basis of preparation (continued)

2.4 Use of estimates and judgements (continued)

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

The Group recognises transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Further information about the assumptions made in measuring fair values is included in Note 27 – Financial instruments.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 July 2021:

- *COVID-19-Related Rent Concessions* (Amendments to SFRS(I) 16)
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16

Other than the amendments relating to the interest rate benchmark reform – Phase 2 Amendments, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

2 Basis of preparation (continued)

2.5 Changes in accounting policies (continued)

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 30 June 2021, there is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 July 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in SFRS(I) Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

3 Significant accounting policies

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

The accounting policies have been applied consistently by the Group entities.

3.1 Basis of consolidation

(i) Business combinations

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

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

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

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

When share-based payment awards ("replacement awards") are required to be exchanged for awards held by the acquiree's employees ("acquiree's awards") and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(i) Business combinations (continued)

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

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

(ii) Subsidiaries

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

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

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(iii) Loss of control

When the Group loses control over a subsidiary, it derecgonises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries, associates and joint ventures in the separate financial statements

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

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

(i) Foreign currency transactions (continued)

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

(ii) Foreign operations

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

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

(ii) Foreign operations (continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

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

Financial assets at amortised cost

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

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

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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

Financial assets at amortised cost

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

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

The Group classifies non-derivative financial liabilities into the other financial liabilities' category. Such financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Other financial liabilities comprised loans and borrowings, and trade and other payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

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

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(iii) Derecognition (continued)

Financial assets (continued)

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

Financial liabilities

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

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

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(v) Cash and cash equivalents

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

(vi) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(vii) Share capital

Ordinary shares

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

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(viii) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequent, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Liabilities arising from financial guarantees are included within 'loans and borrowings'.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

3 Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Freehold land is not depreciated.

3 Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

(iii) Depreciation (continued)

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Freehold building	–	30 to 39 years
Leasehold land and buildings	–	Over the terms of lease that are 37 to 44 years
Plant and machinery	–	3 to 10 years
Motor vehicles	–	5 years

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

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3 Significant accounting policies (continued)

3.6 Development properties

Development property is measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs (applicable to construction of a development for which revenue is to be recognised at a point in time) and other directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-down to net realisable value is presented as allowance for foreseeable losses.

3.7 Contract costs

Incremental costs of obtaining a contract are capitalised as contract costs only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue on the contract. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

3.8 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. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

3 Significant accounting policies (continued)

3.8 Contract assets and liabilities (continued)

Contract liabilities primarily relate to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

3.9 Leases

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

(i) As a lessee

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

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

3 Significant accounting policies (continued)

3.9 Leases (continued)

(i) As a lessee (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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

3 Significant accounting policies (continued)

3.9 Leases (continued)

(i) As a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

Short-term leases and leases of low-value assets

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

(ii) As a lessor

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

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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

3 Significant accounting policies (continued)

3.9 Leases (continued)

(ii) As a lessor (continued)

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

3.10 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs;
- contract assets (as defined in SFRS(I) 15); and
- intra-group financial guarantee contracts ("FGC").

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

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

Simplified approach

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

3 Significant accounting policies (continued)

3.10 Impairment (continued)

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

General approach

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

3 Significant accounting policies (continued)

3.10 Impairment (continued)

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

General approach (continued)

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

The Company considers an FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held).

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

Measurement of ECLs

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

3 Significant accounting policies (continued)

3.10 Impairment (continued)

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statements of financial position

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

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

3 Significant accounting policies (continued)

3.10 Impairment (continued)

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

Write-off

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

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

3 Significant accounting policies (continued)

3.10 Impairment (continued)

(ii) Non-financial assets (continued)

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

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

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

3 Significant accounting policies (continued)

3.10 Impairment (continued)

(ii) Non-financial assets (continued)

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

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

3.11 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are measured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

3 Significant accounting policies (continued)

3.11 Non-current assets held for sale (continued)

An impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale.

3.12 Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

3 Significant accounting policies (continued)

3.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met.

3.14 Revenue

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

3 Significant accounting policies (continued)

3.14 Revenue (continued)

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.15 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3 Significant accounting policies (continued)

3.16 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- dividend income.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3 Significant accounting policies (continued)

3.17 Tax

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

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

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3 Significant accounting policies (continued)

3.17 Tax (continued)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3 Significant accounting policies (continued)

3.17 Tax (continued)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.18 Earnings per share

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

3.19 Segment reporting

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

3 Significant accounting policies (continued)

3.19 Segment reporting (continued)

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

3.20 New standards, amendments to standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Insurance Contracts* (SFRS(I) 17 and Amendments to SFRS(I) 17)
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to SFRS(I) 16)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, plant and equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to SFRS(I) 37)
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- Annual Improvements to SFRS(I)s 2018-2020
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to SFRS(I) 1-12)

4 Property, plant and equipment

	Freehold land and building $	Leasehold buildings $	Plant and machinery $	Motor vehicles $	Right-of-use assets (Note 25) $	Total $
Group						
Cost						
At 1 July 2020	4,296,360	5,485,513	6,713,742	953,190	7,175,898	24,624,703
Additions	57,334	–	296,501	422,582	1,027,387	1,803,804
Disposals/Written off	–	–	(333,355)	(251,343)	(519,074)	(1,103,772)
Modification of lease contracts	–	–	–	–	(1,389,766)	(1,389,766)
Reclassification	388,797	–	(388,797)	–	–	–
Effects of movements in exchange rates	94,055	–	5,165	(2,476)	610	97,354
At 30 June 2021	4,836,546	5,485,513	6,293,256	1,121,953	6,295,055	24,032,323
At 1 July 2021	4,836,546	5,485,513	6,293,256	1,121,953	6,295,055	24,032,323
Additions	2,552,931	–	784,904	–	623,384	3,961,219
Disposals/Written off	(4,956)	–	(101,042)	(138,023)	(162,351)	(406,372)
Modification of lease contracts	–	–	–	–	(1,712,907)	(1,712,907)
Effects of movements in exchange rates	(365,231)	–	(56,843)	2,465	(23,112)	(442,721)
At 30 June 2022	7,019,290	5,485,513	6,920,275	986,395	5,020,069	25,431,542

4 Property, plant and equipment (continued)

	Freehold land and building $	Leasehold buildings $	Plant and machinery $	Motor vehicles $	Right-of-use assets (Note 25) $	Total $
Group						
Accumulated depreciation and impairment loss						
At 1 July 2020	130,760	2,769,119	5,209,633	804,628	2,318,949	11,233,089
Depreciation	111,716	84,040	447,140	100,748	921,520	1,665,164
Disposals/Written off	–	–	(310,326)	(251,343)	(519,074)	(1,080,743)
Modification of lease contracts	–	–	–	–	(856,348)	(856,348)
Reclassification	123,594	–	(123,594)	–	–	–
Effects of movements in exchange rates	2,627	–	6,812	(635)	(905)	7,899
At 30 June 2021	368,697	2,853,159	5,229,665	653,398	1,864,142	10,969,061
At 1 July 2021	368,697	2,853,159	5,229,665	653,398	1,864,142	10,969,061
Depreciation	131,173	84,040	463,681	132,657	760,098	1,571,649
Disposals/Written off	(121)	–	(77,576)	(138,023)	(162,351)	(378,071)
Modification of lease contracts	–	–	–	–	(1,344,807)	(1,344,807)
Effects of movements in exchange rates	(36,823)	–	(48,898)	1,463	(11,384)	(95,642)
At 30 June 2022	462,926	2,937,199	5,566,872	649,495	1,105,698	10,722,190
Carrying amounts						
At 1 July 2020	4,165,600	2,716,394	1,504,109	148,562	4,856,949	13,391,614
At 30 June 2021	4,467,849	2,632,354	1,063,591	468,555	4,430,913	13,063,262
At 30 June 2022	6,556,364	2,548,314	1,353,403	336,900	3,914,371	14,709,352

4 Property, plant and equipment (continued)

	Plant and equipment $	Motor vehicles $	Total $
Company			
Cost			
At 1 July 2020	34,361	188,348	222,709
Additions	2,792	326,256	329,048
Disposals/Written off	(20,800)	(188,348)	(209,148)
At 30 June 2021	16,353	326,256	342,609
Additions	17,270	–	17,270
At 30 June 2022	33,623	326,256	359,879
Accumulated depreciation			
At 1 July 2020	29,502	188,348	217,850
Depreciation	2,768	27,188	29,956
Disposals/Written off	(20,800)	(188,348)	(209,148)
At 30 June 2021	11,470	27,188	38,658
Depreciation	6,242	65,251	71,493
At 30 June 2022	17,712	92,439	110,151
Carrying amounts			
At 1 July 2020	4,859	–	4,859
At 30 June 2021	4,883	299,068	303,951
At 30 June 2022	15,911	233,817	249,728

The freehold land and building and leasehold buildings are pledged as security for banking facilities (Note 16).

The depreciation expense is charged to profit or loss and included in other operating expenses.

5 Investments in subsidiaries

	Company 2022 $	Company 2021 $
Equity investments at cost	36,364,004	36,364,004
Impairment loss	(20,179,998)	(20,179,998)
	16,184,006	16,184,006

Recoverable amount of investment in subsidiaries

During the year, the Company assessed the carrying amount of its investments in subsidiaries for indications of impairment. Based on the assessment, no additional impairment loss is required.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
TEHO Ropes & Supplies Pte. Ltd.[(1)]	Supply of rigging and mooring equipment as well as related services to customers mainly in the marine & offshore industries	Singapore	100	100

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5 Investments in subsidiaries (continued)

Name of subsidiary	Principal activity	Principal place of business/ Country of incorporation	Ownership interest	
			2022 %	2021 %
TEHO International (USA), LLC [(3)]	Supply of rigging and mooring equipment as well as related services to customers mainly in the marine & offshore industries	United States of America	100	100
TEHO (Shanghai) Co., Ltd. [(3)]	Supply of rigging and mooring equipment as well as related services to customers mainly in the marine & offshore industries	People's Republic of China	100	100
TEHO Engineering Pte. Ltd. [(1)]	Supply of offshore oil and gas equipment to marine & offshore industries	Singapore	100	100

5 Investments in subsidiaries (continued)

Name of subsidiary	Principal activity	Principal place of business/ Country of incorporation	Ownership interest	
			2022 %	2021 %
TEHO EuROPE B.V. [(2)]	Supply of rigging and mooring equipment as well as related services to customers mainly in the marine & offshore industries	The Netherlands	100	100
TEHO EuROPE Property B.V. [(2)]	Buying and selling of own real estate.	The Netherlands	100	–
TEHO Water & Envirotec Pte. Ltd. [(1)]	Manufacture and repair of water/waste water treatment equipment and provision of environmental engineering design and consultancy services (except clean energy)	Singapore	100	100

5 Investments in subsidiaries (continued)

Name of subsidiary	Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
TEHO Ropes Korea Co., Ltd. [3]	Supply of rigging and mooring equipment as well as related services to customers mainly in the marine & offshore industries	Republic of Korea	100	100
Caseworks Pte. Ltd. (formerly known as TIEC Holdings Pte. Ltd.) [1]	Real estate development	Singapore	100	100
TEHO Development Pte. Ltd. [1]	Investment holding company and real estate developer	Singapore	100	100
TEHO Property Services Pte. Ltd. [1]	Investment holding company and real estate business	Singapore	100	100
TEHO Property Network Pte. Ltd. [1]	Real estate agency	Singapore	–	100
TEHO Property Consultants Pte. Ltd.[1]	Provision of real estate valuation services	Singapore	100	100
TI Development Pte. Ltd. [1]	Real estate development	Singapore	100	100

(1) KPMG LLP is the auditor of all Singapore-incorporated subsidiaries
(2) Audited by other auditors, IZA Accountants B.V.
(3) Audited by other auditors

In accordance to Rule 715 and 716 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"), the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditor for its significant foreign-incorporated subsidiary, TEHO EuROPE B.V., would not compromise the standard and effectiveness of the audit of the Company. For this purpose, a subsidiary is considered significant as defined under the Catalist Rules if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

6 Investment in associate and joint venture

	Group 2022 $	Group 2021 $
Interest in associate	–	75,982
Interest in joint venture	–	–
	–	75,982

Details of the associate are as follows:

Name of associate	Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Paneltec Pte. Ltd.	Technical wall panels installation services to residential and commercial clientele.	Singapore	–	26

6 Investment in associate and joint venture (continued)

The following summarises the financial information of each of the Group's associate based on its financial statements prepared in accordance with SFRS(I).

	2022 $	2021 $
Revenue	–	526,755
Profit for the year	–	61,470
Attributable to investee's shareholders	–	61,470
Non-current assets	–	–
Current assets	–	210,854
Non-current liabilities	–	–
Current liabilities	–	(39,817)
Net assets	–	171,037
Net assets attributable to investee's shareholders	–	171,037
Group's interest in net assets of investee at beginning of the year	75,982	–
Acquisition during the year	–	60,000
Disposal during the year	(75,982)	–
Group's share of profit after tax	–	15,982
Group's interest in net assets of investee at end of the year	–	75,982

6 Investment in associate and joint venture (continued)

Details of the joint venture are as follows:

Name of joint venture	Principal activity	Principal place of business/ Country of incorporation	Ownership interest	
			2022	2021
			%	%
Upon Design Pte. Ltd.	Building construction including major upgrading works	Singapore	50	50

The following summarises the financial information of each of the Group's joint venture based on its financial statements prepared in accordance with SFRS(I).

	2022	2021
	$	$
Revenue	204,069	806,723
Profit/(Loss) for the year	64,020	(14,569)
Attributable to investee's shareholders	64,020	(14,569)

6 Investment in associate and joint venture (continued)

	2022	2021
	$	$
Non-current assets	–	–
Current assets	132,038	9,264
Non-current liabilities	–	–
Current liabilities	(159,091)	(100,338)
Net liabilities	(27,053)	(91,074)
Net liabilities attributable to investee's shareholders	(27,053)	(91,074)
Group's interest in net assets of investee at beginning of the year	–	–
Group's share of profit after tax	–	–
Group's interest in net assets of investee at end of the year	–	–

7 Deferred tax assets/(liabilities)

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

Group	At 1 July 2020 $	Recognised in profit or loss (Note 21) $	Effects of movements in exchange rates $	At 30 June 2021 $	Recognised in profit or loss (Note 21) $	Effects of movements in exchange rates $	At 30 June 2022 $
Deferred tax assets							
Trade and other receivables	53,417	131,218	–	184,635	24,517	–	209,152
Trade and other payables	–	–	–	–	98,911	–	98,911
Unutilised capital allowance	225,001	(225,001)	–	–	–	–	–
Unutilised tax losses	44,586	–	(1,548)	43,038	(13,931)	1,542	30,649
	323,004	(93,783)	(1,548)	227,673	109,497	1,542	338,712
Deferred tax liabilities							
Property, plant and equipment	(135,679)	30,340	3,920	(101,419)	(2,786)	(2,844)	(107,049)
Total	187,325	(63,443)	2,372	126,254	106,711	(1,302)	231,663

7 Deferred tax assets/(liabilities) (continued)

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

	Group	
	2022	2021
	$	$
Deferred tax assets	232,663	163,566
Deferred tax liabilities	(1,000)	(37,312)
	231,663	126,254

Unrecognised deferred tax liabilities

As at 30 June 2022, deferred tax liabilities of $236,877 (2021: $326,336) for temporary differences of $789,590 (2021: $1,087,787) related to investments in subsidiaries were not recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Unrecognised deferred tax assets

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

	Group	
	2022	2021
	$	$
Tax losses	5,697,104	5,607,237

7 Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets (continued)

The deductible temporary differences and tax losses do not expire under current local tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

8 Inventories

	Group	
	2022	2021
	$	$
Goods held for resale		
- At cost	24,457,853	20,553,604
- At net realisable value	635,337	642,369
	25,093,190	21,195,973

Inventories are stated after allowance for inventory obsolescence.

The change in allowance for inventory obsolescence during the year is as follows:

	Group	
	2022	2021
	$	$
At beginning of the year	697,840	561,925
Addition/(Reversal)	(87,229)	135,915
At end of the year	610,611	697,840

In 2022, inventories and changes in finished goods included as cost of sales amounted to $34,259,994 (2021: $33,589,531).

8 Inventories (continued)

Measurement of realisable amounts of inventories

A review is made periodically on inventory for obsolete inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance. The realisable value represents the best estimate of the recoverable amount and is based on evidence available at the end of the financial year and inherently involves considering the future demand for the products and estimating expected realisable values in the future. The considerations for determining the amount of allowance or write-down include the age of the inventories, results of technical assessments, historical utilisation experience and the prevailing market conditions of the marine and offshore industry. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the financial year. Possible changes in these estimates could result in revisions to the stated value of the inventories.

9 Development properties

	Group	
	2022	**2021**
	$	**$**
Completed development properties	5,465,226	–
Development properties in the course of development	–	5,357,030
	5,465,226	5,357,030

Securities

At 30 June 2022, development properties of the Group with carrying amounts of $5,465,226 (2021: $5,357,030) are pledged as securities for banking facilities (see Note 16).

9 Development properties (continued)

Measurement of realisable amounts of development properties

Development properties are measured at the lower of cost and net realisable value. The Group makes allowances for foreseeable losses on development properties when the aggregate costs incurred on the development properties exceed the net realisable value. Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the financial year end, less the estimated costs of completion and selling expenses.

The Group assessed the net realisable value of the development properties using the contracted selling price of the development properties, less estimated cost of disposal. The said development properties were sold in July 2022.

For the year ended 30 June 2021, management obtained independent professional valuations of development properties to estimate the selling prices in the ordinary course of business. The gross development values of the development properties were estimated using the market comparison approach. Construction costs were estimated based on contracted amounts and in respect of amounts not contracted for, management's estimates of the amounts to be incurred.

10 Contract costs

These amounts relate pre-contract costs paid to the sub-contractors for a contract awarded to the Group.

Capitalised contract costs are amortised when the related revenue is recognised. As at 30 June 2022, contract costs of $158,065 (2021: $Nil) are amortised into the consolidated statement of profit or loss. There is no impairment loss in relation to such costs capitalised.

11 Trade and other receivables

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Trade receivables	8,550,961	8,756,948	–	–
Less: Impairment losses	(453,888)	(497,455)	–	–
	8,097,073	8,259,493	–	–
Other receivables and deposits	824,490	1,193,827	7,468	3,300
Amounts due from subsidiaries (non-trade)	–	–	45,813,718	43,163,335
Amounts due from joint venture (non-trade)	108,341	107,851	–	–
Amount due from a former director of a subsidiary	747,449	–	–	–
Derivative financial assets	50,681	–	–	–
	1,730,961	1,301,678	45,821,186	43,166,635
Less: Impairment losses	(107,851)	(107,851)	(37,679,632)	(37,399,947)
	1,623,110	1,193,827	8,141,554	5,766,688

11 Trade and other receivables (continued)

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Trade and other receivables excluding prepayments and advances to supplier	9,720,183	9,453,320	8,141,554	5,766,688
Prepayments and advances to suppliers	836,552	181,725	23,482	15,908
	10,556,735	9,635,045	8,165,036	5,782,596
Current	10,056,463	9,635,045	8,165,036	5,782,596
Non-current	500,272	–	–	–
	10,556,735	9,635,045	8,165,036	5,782,596

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

The amount due from a former director of a subsidiary arose from a settlement agreement, which is unsecured, interest-free and repayable by November 2024 over 30 monthly instalments.

The Group's and the Company's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in Note 27.

Derivative financial assets

	Group 2022 $	Group 2021 $
Interest rate swap	50,681	–

12 Contract assets/(liabilities)

	Group	
	2022	2021
	$	$
Contract assets	39,449	319,694
Less: Impairment losses	(551)	(4,691)
	38,898	315,003
Contract liabilities	(458,303)	(188,974)

The Group's exposure to credit risk and impairment losses related to contract assets is disclosed in Note 27.

(a) Contract assets

The contract assets primary related to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

12 Contract assets/(liabilities) (continued)

(a) Contract assets (continued)

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

	Group	
	2022	2021
	$	$
Contract assets reclassified to trade receivables that was included in the contract asset balance at the beginning of the year	(319,694)	(405,405)
Revenue recognised but not billed, excluding amounts reclassified to trade receivables during the year	39,449	319,694
Reversal of impairment loss	4,140	–

(b) Contract liabilities

The contract liabilities primarily relate to the advance consideration received from customers at the reporting date. The contract liabilities are recognised as revenue when the Group fulfils its performance obligations under the contract with the customers.

12 Contract assets/(liabilities) (continued)

(b) Contract liabilities (continued)

The significant changes in the contract liabilities during the year are as follows:

	Group	
	2022	2021
	$	$
Revenue recognised that was included in the contract liability balance at the beginning of the year	188,974	279,764
Increases due to cash received and billings issued, excluding amounts recognised as revenue during the year	(458,303)	(188,974)

13 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Cash at banks and in hand	4,536,280	6,981,664	84,298	100,916

14 Share capital

	Company		Company	
	2022	2021	2022	2021
	Number of shares	Number of shares	Amount $	Amount $
Issued and fully paid ordinary share capital with no par value:				
At beginning of the year and end of the year	235,424,614	235,424,614	33,035,508	33,035,508

Ordinary shares

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. All shares rank equally with regard to the Company's residual assets. All issued shares are fully paid, with no par value.

Capital management

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. Capital consists of all components of equity. Management sets the amount of capital to meet its requirements and the risk taken.

Management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

14 Share capital (continued)

Management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital. Net debt is calculated as total loans and borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, other reserves and accumulated losses).

	Group 2022 $	Group 2021 $
All current and non-current loans and borrowings	33,080,143	32,320,725
Less: Cash and cash equivalents	(4,536,280)	(6,981,664)
Net debt	28,543,863	25,339,061
Total equity	20,344,980	18,113,148
Net debt-to-equity ratio	140.3%	139.9%

There were no changes in the approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

15 Other reserves

	Group 2022 $	Group 2021 $
Foreign currency translation reserve	(406,043)	185,609

15 Other reserves (continued)

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

16 Loans and borrowings

	Group 2022 $	Group 2021 $
Non-current:		
Secured bank loans	5,875,812	8,144,937
Lease liabilities	3,299,540	4,024,916
	9,175,352	12,169,853
Current:		
Secured bank loans	15,511,651	11,882,385
Lease liabilities	803,877	674,725
Trust receipts (secured)	7,589,263	7,593,762
	23,904,791	20,150,872
Total	33,080,143	32,320,725

16 Loans and borrowings (continued)

Loans and lease liabilities - Terms and debt repayment schedule

	Currency	Nominal interest rate %	Year of maturity	Face value $	Carrying amount $
Group					
2022					
Term loans U	SGD	2.14% to 3.31%	2025 to 2026	5,269,351	5,269,351
Revolving credit facilities	SGD	1.70% to 3.10%	2023	8,000,000	8,000,000
Property development loans	SGD	3.15%	2023	3,582,285	3,582,285
Property term loans H	SGD	1.58% to 1.85%	2040	413,215	413,215
Property term loans I	EUR	2.49% to 2.69%	2026 to 2030	2,240,294	2,240,294
Property term loans S	USD	4.56%	2027	1,882,318	1,882,318
Lease liabilities	SGD	3.16% to 4.99%	2024 to 2053	6,378,976	3,637,656
Lease liabilities	USD	2.89%	2025	317,272	306,245
Lease liabilities	EUR	6.00%	2023 to 2026	110,614	100,715
Lease liabilities	KRW	3.48%	2024	60,088	58,801
Trust receipts	SGD	1.38% to 3.49%	2022	7,589,263	7,589,263
				35,843,676	33,080,143

16 Loans and borrowings (continued)

Loans and lease liabilities - Terms and debt repayment schedule (continued)

	Currency	Nominal interest rate %	Year of maturity	Face value $	Carrying amount $
Group					
2021					
Term loans U	SGD	2.12% to 5.25%	2022 to 2026	7,395,502	7,395,502
Revolving credit facilities	SGD	1.88% to 4.01%	2022	6,000,000	6,000,000
Property development loans	SGD	3.15%	2022	3,549,862	3,549,862
Property term loans H	SGD	1.56% to 1.59%	2040	433,442	433,442
Property term loans I	EUR	2.49% to 2.69%	2026 to 2030	2,648,516	2,648,516
Lease liabilities	SGD	3.16% to 4.99%	2023 to 2053	7,600,282	4,625,083
Lease liabilities	EUR	6.00%	2022 to 2025	70,987	65,095
Lease liabilities	KRW	3.48%	2022	9,504	9,463
Trust receipts	SGD	1.32% to 2.13%	2021	7,593,762	7,593,762
				35,301,857	32,320,725

16 Loans and borrowings (continued)

The details of the guarantees and securities charged over the loans and lease liabilities are as follows:

Term loans U	-	The loans are covered by a corporate guarantee by the Company and secured by a legal charge over a leasehold building of a subsidiary.
Revolving credit facilities	-	The facilities are covered by corporate guarantees by the Company. In addition, revolving credit facilities amounting to $7,500,000 are secured by a legal charge over a leasehold building of a subsidiary.
Property development loans	-	The loans are covered by a corporate guarantee by the Company and secured by legal mortgages on the development properties of a subsidiary, and sales proceeds from these development properties.
Property term loans H	-	The loans are covered by a corporate guarantee by the Company and secured by a legal charge over a leasehold building of a subsidiary.
Property term loans I	-	The loans are secured by legal charges over freehold land and buildings and other assets of a subsidiary.
Property term loans S	-	The loan is secured by legal charges over a freehold land and building and covered by a personal guarantee by the director of a subsidiary.

16 Loans and borrowings (continued)

Lease liabilities	-	The lease liabilities are secured over the right-of-use assets.
Trust receipts	-	The trust receipts are covered by a corporate guarantee by the Company and secured by legal charges over a leasehold building of a subsidiary.

The Group has a secured bank loan with a carrying amount of $1,882,318 as at 30 June 2022 with a 60-months repayment term ending 30 August 2026. The bank loan contains a financial covenant requiring the subsidiary of the Company to maintain its debt service coverage ratio not to be less than 1.25 to 1.00 times per annum. However, the subsidiary of the Company did not meet this financial covenant as at 30 June 2022. Accordingly, the bank loan has been classified as a current liability. Notwithstanding this, the subsidiary of the Company had obtained a waiver from the bank on 22 August 2022.

The Group's exposure to liquidity and interest rate risks related to loans and borrowings is disclosed in Note 27.

16 Loans and borrowings (continued)

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

	Note	Liabilities Secured bank loans $	Liabilities Lease liabilities $	Liabilities Trust receipts $	Total $
At 1 July 2020		29,296,061	5,098,960	10,279,418	44,674,439
Changes from financing cash flows					
Interest paid		(676,846)	(236,588)	(162,653)	(1,076,087)
Payment of lease liabilities		–	(869,388)	–	(869,388)
Proceeds from loans and borrowings		4,820,274	–	18,340,417	23,160,691
Repayment of loans and borrowings		(14,150,925)	–	(21,026,073)	(35,176,998)
Total changes from financing cash flows		(10,007,497)	(1,105,976)	(2,848,309)	(13,961,782)
Effect of changes in foreign exchange rates		61,912	2,136	–	64,048
Other changes					
Addition in lease liabilities		–	1,027,387	–	1,027,387
Modification of lease contracts		–	(559,454)	–	(559,454)
Capitalised borrowing costs		107,064	–	–	107,064
Interest expense	19	569,782	236,588	162,653	969,023
Total other changes		676,846	704,521	162,653	1,544,020
At 30 June 2021		20,027,322	4,699,641	7,593,762	32,320,725

16 Loans and borrowings (continued)

	Note	Liabilities Secured bank loans $	Liabilities Lease liabilities $	Liabilities Trust receipts $	Total $
At 1 July 2021		20,027,322	4,699,641	7,593,762	32,320,725
Changes from financing cash flows					
Interest paid		(585,390)	(193,272)	(162,573)	(941,235)
Payment of lease liabilities		–	(750,710)	–	(750,710)
Proceeds from loans and borrowings		2,032,423	–	20,789,354	22,821,777
Repayment of loans and borrowings		(2,373,404)	–	(20,793,853)	(23,167,257)
Total changes from financing cash flows		(926,371)	(943,982)	(167,072)	(2,037,425)
Effect of changes in foreign exchange rates		(188,514)	(12,318)	–	(200,832)
Other changes					
Addition in lease liabilities		–	535,826	–	535,826
Addition in property		1,889,636	–	–	1,889,636
Modification of lease contracts		–	(369,022)	–	(369,022)
Capitalised borrowing costs		25,843	–	–	25,843
Interest expense	19	559,547	193,272	162,573	915,392
Total other changes		2,475,026	360,076	162,573	2,997,675
At 30 June 2022		21,387,463	4,103,417	7,589,263	33,080,143

17 Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Trade payables	3,757,922	3,460,964	–	–
Other payables	1,226,840	858,352	82,896	62,624
Accrued expenses	1,312,740	1,325,073	166,784	311,114
Amounts due to subsidiaries (non-trade)	–	–	44,482,441	44,110,198
Derivative financial liabilities	–	116,211	–	–
	6,297,502	5,760,600	44,732,121	44,483,936
Current	6,297,502	5,644,389	44,732,121	44,483,936
Non-current	–	116,211	–	–
	6,297,502	5,760,600	44,732,121	44,483,936

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

The Group's and the Company's exposure to liquidity and interest rate risk related to trade and other payables is disclosed in Note 27.

Derivative financial liabilities

	Group	
	2022	2021
	$	$
Interest rate swap	–	116,211

18 Revenue

	Group	
	2022	2021
	$	$
Sale of goods	55,803,741	54,230,595
Revenue from property development	–	6,490,000
Provision of real estate services	1,163,018	1,093,929
Contract revenue	209,405	–
	57,176,164	61,814,524

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and related revenue recognition policies:

Sales of goods

Nature of goods or services	The Group supplies rigging and mooring equipment, offshore oil and gas equipment, and marine and engineering hardware and accessories to its customers. The Group also provides related services to customers in the marine and offshore industries.
When revenue is recognised	Revenue is recognised when goods are delivered to the customers and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices are issued to the customers in accordance with agreed billing milestones and are payable within credit terms granted by the Group to the customers.

18 Revenue (continued)

Property development

Nature of goods or services	The Group develops and sells residential development property to customers.
When revenue is recognised	Revenue is recognised when the completed property is delivered to the customer and the customer has accepted it in accordance with the sales contract.
Significant payment terms	Payment is upon completion of the sales contract.

Real estate services

Nature of goods or services	The Group's revenue from rendering services mainly relate to the provision of real estate valuation services.
When revenue is recognised	Revenue is recognised when the services are delivered to the customers and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices are issued to customers upon services rendered and are payable within certain credit terms granted by the Group to its customers.

18 Revenue (continued)

Contract revenue

Nature of goods or services	The Group provides consultancy services for renovation projects for its customers in Singapore.
When revenue is recognised	The Group has assessed that its contracts qualify for over time revenue recognition as the Group's performance does not create an asset with alternative use to the Group due to the specific customisation services rendered by the Group to its customers and the Group also has an enforceable right to payment for performance completed to-date. The stage of completion is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs of each contract.
Significant payment terms	Progress billings issued to the customers are based on a payment schedule in the contract that is dependent on the achievement of specified milestones.

18 Revenue (continued)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by timing of revenue recognition.

	Group 2022 $	Group 2021 $
Timing of revenue recognition		
Goods and services transferred at a point in time		
- Sale of goods	55,803,741	54,230,595
- Revenue from property development	–	6,490,000
- Provision for real estate services	1,163,018	1,093,929
	56,966,759	61,814,524
Goods and services transferred over time		
- Contract revenue	209,405	–

The revenue from contracts with customers disaggregated by primary geographic markets, major products and service lines are disclosed in Note 26.

19 Finance income and finance costs

	Group 2022 $	Group 2021 $
Finance income:		
Interest income on cash at bank	(299)	(266)
Imputed interest on interest-free receivables due from a former director of a subsidiary	(3,376)	–
	(3,675)	(266)
Finance costs:		
Interest expense on loans and borrowings	941,235	1,076,087
Less: Interest expense capitalised in development properties*	(25,843)	(107,064)
	915,392	969,023
Net finance costs	911,717	968,757

* Relates to development properties for which revenue is recognised at a point in time.

During the year, net finance costs of the Group have been capitalised at rate of 3.15% (2021: 3.15%) per annum for development properties.

20 Profit before tax

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

	Note	Group 2022 $	2021 $
Audit fees paid to:			
- auditors of the Company		207,000	187,500
- other auditors		143,080	74,254
Bad debts recovered		–	(10,322)
Bad debts written off		39,219	2,142
Depreciation of property, plant and equipment	4	1,571,649	1,665,164
Fair value gain on derivatives		(166,892)	(69,385)
Foreign exchange loss/(gain), net		368,701	(106,750)
Gain on modification of lease contracts		(922)	(26,036)
Gain on disposal of an associate		(8,398)	–
Gain on disposal of property, plant and equipment		(1,311)	(59,471)
Grant income		(82,143)	(1,017,306)
Loss on disposal of assets held for sale		–	810
Other income arising from a settlement agreement		(771,574)	–
(Reversal of impairment)/Impairment loss on trade and other receivables and contract assets	27	(23,023)	111,403
Employee benefits expense			
Salaries, bonuses and other costs		10,478,445	10,290,431
Contributions to defined contribution plans		610,878	611,883
		11,089,323	10,902,314

21 Tax expense

	Group 2022 $	2021 $
Current tax expense		
Current year	881,052	847,242
Adjustment for prior periods	73,717	(12,555)
	954,769	834,687
Deferred tax expense		
Origination and reversal of temporary differences	(106,711)	63,443
Total tax expense	848,058	898,130
Reconciliation of effective tax rate		
Profit before tax	3,671,542	4,129,167
Tax using the Singapore tax rate of 17% (2021: 17%)	624,162	701,958
Effect of tax rates in foreign jurisdictions	118,275	112,378
Non-deductible expenses	148,195	238,091
Non-taxable income	(65,972)	(173,358)
Tax exempt income	(50,669)	(50,063)
Deferred tax asset not recognised	15,277	83,770
Others	(14,927)	(2,091)
Adjustments for prior periods	73,717	(12,555)
Total tax expense	848,058	898,130

22 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2022 was based on the profit attributable to ordinary shareholders of $2,823,484 (2021: $3,231,037), and a weighted-average number of ordinary shares outstanding of 235,424,614 (2021: 235,424,614).

Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the financial years ended 30 June 2022 and 2021.

23 Dividends

No dividends were declared by the Group and the Company for the financial year ended 30 June 2021.

After the respective reporting date, the following one-tier tax exempt dividends were proposed by the Board of Directors of the Company. The one-tier tax exempt dividends are subject to shareholders' approval at the forthcoming annual general meeting of the Company and have not been provided for as at 30 June 2022.

	Group and Company	
	2022	2021
	$	$
0.1 Singapore cents per qualifying ordinary share	235,425	–

During the financial year ended 30 June 2022, the Company has profits after tax of $2,062,808 (2021: $1,236,553). The proposed dividends are declared out of the profits after tax of the Company for the financial year ended 30 June 2022.

24 Related parties

Other related party transactions

Other than as disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties are as follows:

	Group	
	2022	2021
	$	$
Rental expenses paid to a related party	(290,176)	(287,936)

The related party is a company in which a director of the Company, who is also a director and controlling shareholder of the related party.

Transactions with key management personnel

Key management personnel of the Group are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel compensation and transactions comprised:

	Group	
	2022	2021
	$	$
Key management personnel compensation		
Salaries and other short-term employee benefits	2,372,973	1,984,586
Post-employment benefits, including employer's contribution to Central Provident Fund	61,073	57,930
Fees to directors of the Company	180,000	169,583
	2,614,046	2,212,099

24 Related parties (continued)

Commitments and contingencies

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These bank borrowings amount to $24,854,114 (2021: $24,972,568) at the reporting date.

25 Leases

Leases as lessee (SFRS(I) 16)

The Group leases land, office, warehouse and motor vehicles. The leases of land, offices, warehouses and motor vehicles typically run for a period of 2 to 33 years, with an option to renew the lease after lease expiry dates. Lease payments are renegotiated at renewal to reflect market rentals.

The Group leases certain office equipment, which are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

25 Leases (continued)

Right-of-use assets

	Leasehold land $	Offices and warehouses $	Motor vehicles $	Plant and machinery $	Total $
Group					
Cost					
At 1 July 2020	3,022,699	3,998,134	155,065	–	7,175,898
Additions	19,359	927,384	80,644	–	1,027,387
Written-off	–	(460,977)	(58,097)	–	(519,074)
Modification of lease contracts	–	(1,354,724)	(35,042)	–	(1,389,766)
Effects of movements in exchange rates	–	(4,017)	4,627	–	610
At 30 June 2021	3,042,058	3,105,800	147,197	–	6,295,055
Additions	–	107,578	73,674	442,132	623,384
Written-off	–	(107,574)	(54,777)	–	(162,351)
Modification of lease contracts	–	(1,712,907)	–	–	(1,712,907)
Effects of movements in exchange rates	–	(10,649)	(12,463)	–	(23,112)
At 30 June 2022	3,042,058	1,382,248	153,631	442,132	5,020,069

25 Leases (continued)

Right-of-use assets (continued)

	Leasehold land $	Offices and warehouses $	Motor vehicles $	Plant and machinery $	Total $
Group					
Accumulated depreciation					
At 1 July 2020	162,989	2,052,760	103,200	–	2,318,949
Depreciation	90,516	792,616	38,388	–	921,520
Written-off	–	(460,977)	(58,097)	–	(519,074)
Modification of lease contracts	–	(854,156)	(2,192)	–	(856,348)
Effects of movements in exchange rates	–	(3,629)	2,724	–	(905)
At 30 June 2021	253,505	1,526,614	84,023	–	1,864,142
Depreciation	89,472	593,621	32,792	44,213	760,098
Written-off	–	(107,574)	(54,777)	–	(162,351)
Modification of lease contracts	–	(1,344,807)	–	–	(1,344,807)
Effects of movements in exchange rates	–	(4,162)	(7,222)	–	(11,384)
At 30 June 2022	342,977	663,692	54,816	44,213	1,105,698
Carrying amounts					
At 1 July 2020	2,859,710	1,945,374	51,865	–	4,856,949
At 30 June 2021	2,788,553	1,579,186	63,174	–	4,430,913
At 30 June 2022	2,699,081	718,556	98,815	397,919	3,914,371

25 Leases (continued)

Amounts recognised in consolidated statement of profit or loss

	2022 $	2021 $
Leases under SFRS(I) 16		
Interest on lease liabilities	193,272	236,588
Expenses relating to short-term leases	109,545	85,555

Amounts recognised in consolidated statement of cash flows

	2022 $	2021 $
Interest paid	(193,272)	(236,588)
Payment of lease liabilities	(750,710)	(869,388)
Total cash outflow for leases	(943,982)	(1,105,976)

Extension options

Some property leases contain extension options exercisable by the Group up to 2 months before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $Nil (2021: $Nil).

26 Operating segments

Information about reportable segment profit or loss, assets and liabilities

For management purposes, the reporting entity is organised into the following major strategic operating segments that offer different products and services:

- Marine & Offshore: This segment sells rigging and mooring equipment, offshore oil and gas equipment, and related marine and engineering hardware and accessories; and
- Property: This segment develops, markets and sells real estate properties, and provides real estate services.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating performance is segment profit before tax because management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

26 Operating segments (continued)

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

Information about reportable segments

	Marine & offshore $	Property $	Total for reportable segments $	Unallocated $	Total $
Group					
2022					
Revenue	71,467,619	1,372,423	72,840,042	–	72,840,042
Internal revenue	(15,663,878)	–	(15,663,878)	–	(15,663,878)
External revenue	55,803,741	1,372,423	57,176,164	–	57,176,164
Interest income	3,675	–	3,675	–	3,675
Interest expense	(822,788)	(92,604)	(915,392)	–	(915,392)
Depreciation	(1,457,061)	(43,095)	(1,500,156)	(71,493)	(1,571,649)
Reportable segment profit before tax	4,145,537	98,478	4,244,015	–	4,244,015
Other unallocated expenses	–	–	–	(572,473)	(572,473)
Consolidated profit before tax					3,671,542

NOTES TO THE FINANCIAL STATEMENTS

26 Operating segments (continued)

Information about reportable segments (continued)

	Marine & offshore $	Property $	Total for reportable segments $	Unallocated $	Total $
Group					
2022					
Reportable segment assets	53,951,846	6,342,810	60,294,656	364,976	60,659,632
Capital expenditure	3,943,949	–	3,943,949	17,270	3,961,219
Reportable segment liabilities	36,096,934	3,953,069	40,050,003	264,649	40,314,652
Other material non-cash items					
Reversal of allowance for inventory obsolescence	(87,229)	–	(87,229)	–	(87,229)
Net reversal of impairment loss on trade and other receivables and contract assets	(23,023)	–	(23,023)	–	(23,023)
Bad debts written off	124	39,095	39,219	–	39,219

26 Operating segments (continued)

Information about reportable segments (continued)

	Marine & offshore $	Property $	Total for reportable segments $	Unallocated $	Total $
Group					
2021					
Revenue	68,418,467	7,583,929	76,002,396	–	76,002,396
Internal revenue	(14,187,872)	–	(14,187,872)	–	(14,187,872)
External revenue	54,230,595	7,583,929	61,814,524	–	61,814,524
Interest income	266	–	266	–	266
Interest expense	(887,723)	(76,282)	(964,005)	(5,018)	(969,023)
Depreciation	(1,552,983)	(82,225)	(1,635,208)	(29,956)	(1,665,164)
Reportable segment profit/(loss) before tax	4,664,263	(208,941)	4,455,322	–	4,455,322
Share of results of equity-accounted investees (net of tax)	–	15,982	15,982	–	15,982
Other unallocated expenses	–	–	–	(342,137)	(342,137)
Consolidated profit before tax					4,129,167

26 Operating segments (continued)

Information about reportable segments (continued)

	Marine & offshore $	Property $	Total for reportable segments $	Unallocated $	Total $
Group					
2021					
Reportable segment assets	49,745,879	6,686,225	56,432,104	424,075	56,856,179
Capital expenditure	1,355,793	118,963	1,474,756	329,048	1,803,804
Reportable segment liabilities	33,923,285	4,431,646	38,354,931	388,100	38,743,031
Other material non-cash items					
Addition of allowance for inventory obsolescence	135,915	–	135,915	–	135,915
Net impairment loss on trade and other receivables and contract assets	3,552	107,851	111,403	–	111,403
Bad debts written off	2,142	–	2,142	–	2,142

Other unallocated expenses are mainly distribution, administrative and other operating expenses which are centralised and not segmented as these items are not directly attributable to the reportable segments.

The unallocated assets and liabilities cannot be selectively segmented when they are being deployed and/or incurred, as these items are not directly attributable to the reportable segments.

26 Operating segments (continued)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, irrespective of the origin of the goods and services, and segment assets are based on the geographical location of the assets.

	2022			2021		
	Marine & offshore $	Property $	Total $	Marine & offshore $	Property $	Total $
Revenue						
Singapore	24,855,326	1,372,423	26,227,749	26,946,498	7,583,929	34,530,427
Europe	18,076,650	–	18,076,650	14,256,193	–	14,256,193
South East Asia	4,638,259	–	4,638,259	6,102,300	–	6,102,300
United States of America	2,998,920	–	2,998,920	2,196,921	–	2,196,921
East Asia	2,078,391	–	2,078,391	1,913,830	–	1,913,830
Middle East	1,351,480	–	1,351,480	1,166,985	–	1,166,985
Other countries	1,804,715	–	1,804,715	1,647,868	–	1,647,868
Total revenue	55,803,741	1,372,423	57,176,164	54,230,595	7,583,929	61,814,524

	Group	
	2022 $	2021 $
Non-current assets		
Singapore	7,835,930	8,035,564
Netherlands	4,310,434	4,873,731
United States of America	3,236,843	382,665
Other countries	59,080	10,850
	15,442,287	13,302,810

26 Operating segments (continued)

Non-current assets presented consist of property, plant and equipment, investment in associate and joint venture, deferred tax assets and trade and other receivables.

Revenue from major customers

Revenue from top 3 significant customers of the Group represents approximately $8,064,904 (2021: $8,062,569) of the Group's total revenue.

27 Financial instruments: Information on financial risks

Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. The main risks arising from the entity's financial instruments are credit risk, liquidity risk and market risk comprising interest rate and currency risk exposures. The management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

27 Financial instruments: Information on financial risks (continued)

Financial risk management (continued)

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following good market practices.

5. When appropriate consideration is given to investing in shares or similar instruments.

6. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes. With regard to derivatives, the policies include the following:

   - The management documents carefully all derivatives including the relationship between them and the hedged items at inception and throughout their life.
   - Ineffectiveness is recognised in profit or loss as soon as it arises.
   - Effectiveness is assessed at the inception of the hedge and at each end of the financial year ensuring that SFRS(I) 9 criteria are met.
   - Only financial institutions with acceptable credit ratings are used as counterparties for derivatives.

27 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is represented by the carrying amounts of the financial assets and contract assets. Credit risk on cash balances with banks and derivative financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an expected credit loss is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Cash and cash equivalents balances as disclosed in Note 13 represent cash at banks.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2021: 30 to 90 days). However, some customers take a longer period to settle the amounts.

27 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets (continued)

Exposure to credit risk

The maximum exposure to credit risk for contract assets and trade receivables at the reporting date by business segment is set out below.

	Group	
	2022	2021
	$	$
Marine & offshore	8,069,390	8,456,813
Property development	66,581	117,683
	8,135,971	8,574,496

At the reporting date, the concentration of trade receivables by top 3 significant customers of the Group amount to $912,219 (2021: $1,018,776).

27 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets (continued)

Exposure to credit risk (continued)

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

	Group 2022 $	Group 2021 $
Contract assets	39,449	319,694
Trade receivables	8,550,961	8,756,948
Total gross carrying amount	8,590,410	9,076,642
Loss allowance	(454,439)	(502,146)
	8,135,971	8,574,496

Expected credit loss assessment for contract assets and trade receivables

The Group uses an allowance matrix to measure the ECLs of contract assets and trade receivables, which comprise a very large number of individual corporate customers.

27 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets (continued)

Expected credit loss assessment for contract assets and trade receivables (continued)

The following table provides information about the exposure to credit risk and ECLs for contract assets and trade receivables as at reporting date:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance		
			Not credit-impaired	Credit-impaired	Total
	%	$	$	$	$
Group					
2022					
Contract assets					
- Not past due	1.4	39,449	(551)	–	(551)
Trade receivables					
- Not past due	0.0	5,344,070	(2)	–	(2)
- Past due 1 to 60 days	0.6	2,332,286	(14,055)	–	(14,055)
- Past due 61 to 90 days	16.2	262,916	(1,470)	(41,125)	(42,595)
- Past due over 90 days	64.9	611,689	(16,590)	(380,646)	(397,236)
		8,550,961	(32,117)	(421,771)	(453,888)
2021					
Contract assets					
- Not past due	1.0	319,694	(4,691)	–	(4,691)
Trade receivables					
- Not past due	0.1	5,224,317	(6,643)	–	(6,643)
- Past due 1 to 60 days	0.6	2,642,069	(11,459)	(4,086)	(15,545)
- Past due 61 to 90 days	5.6	432,373	(3,159)	(21,092)	(24,251)
- Past due over 90 days	98.4	458,189	(34,169)	(416,847)	(451,016)
		8,756,948	(55,430)	(442,025)	(497,455)

27 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets (continued)

Expected credit loss assessment for contract assets and trade receivables (continued)

Loss rates are based on actual credit loss experience over the past 4 years. These rates are adjusted by a scalar factor to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The scalar factor is based on a forecast gross domestic product of 1.00 (2021: 0.90) for Singapore.

Expected credit loss assessment for other receivables and deposits, amounts due from joint venture (non-trade) and amounts due from a former director of a subsidiary

The Group assessed that the credit exposure of these receivables is insignificant based on the historical collection trends as well as the insignificant default rate in the past. The Group applied the ECL rate based on the published independent default rate. The Group monitors changes in the default rate by tracking to the published independent research report.

27 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets (continued)

Expected credit loss assessment for other receivables and deposits, amounts due from joint venture (non-trade) and amounts due from a former director of a subsidiary (continued)

	Weighted average loss rate %	Gross carrying amount $	Impairment loss allowance $
Group			
2022			
Other receivables and deposits, amounts due from joint venture (non-trade) and amounts due from a former director of a subsidiary			
- Not past due	6.4	1,680,280	(107,851)
2021			
Other receivables and deposits and amounts due from joint venture (non-trade)			
- Not past due	8.3	1,301,678	(107,851)
Company			
2022			
Other receivables and deposits			
- Not past due	0.0	7,468	–
2021			
Other receivables and deposits			
- Not past due	0.0	3,300	–

27 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets (continued)

Expected credit loss assessment for amounts due from subsidiaries (non-trade)

The Company assessed the credit exposure of these receivables is insignificant based on the historical default rates and measured the impairment losses based on 12-month expected loss basis, except for amount of $37,494,956 (2021: $37,297,689), which is measured at an amount equal to lifetime ECLs.

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance Not credit-impaired	Credit-impaired	Total
	%	$	$	$	$
Company					
2022					
Other receivables and deposits and amounts due from subsidiaries (non-trade)					
- Not past due	82.2	45,821,186	(184,676)	(37,494,956)	(37,679,632)
2021					
Other receivables and deposits and amounts due from subsidiaries (non-trade)					
- Not past due	86.6	43,166,635	(102,258)	(37,297,689)	(37,399,947)

27 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets (continued)

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

	Group 2022	Group 2021	Company 2022	Company 2021
	$	$	$	$
At beginning of the year	609,997	496,555	37,399,947	38,834,229
Impairment loss recognised	15,038	151,751	279,685	15,697
Reversal of impairment loss	(38,061)	(40,348)	–	(1,449,979)
Amounts written off	(14,720)	–	–	–
Effects of movements in exchange rates	(9,964)	2,039	–	–
At end of the year	562,290	609,997	37,679,632	37,399,947

Cash and cash equivalents

The Group and the Company held cash and cash equivalents. The cash and cash equivalents are held with bank and financial institution counterparties, which are regulated.

The Group and the Company assessed the impairment on cash and cash equivalents based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Based on the assessment, the Group and the Company considered that the amount of the allowance on cash and cash equivalents was negligible.

27 Financial instruments: Information on financial risks (continued)

Liquidity risk

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its operations. The Group finances liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

	Group 2022 $	Group 2021 $
Committed undrawn borrowing facilities	1,744,574	3,843,211
Uncommitted undrawn borrowing facilities	3,760,737	4,756,238
	5,505,311	8,599,449

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the Group's operations.

27 Financial instruments: Information on financial risks (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $	Contractual cash flows Total $	Less than 1 year $	1 – 5 years $	Over 5 years $
Group					
30 June 2022					
Non-derivative financial liabilities					
Secured bank loans	21,387,463	(22,267,331)	(15,889,119)	(5,144,615)	(1,233,597)
Lease liabilities	4,103,417	(6,866,950)	(976,142)	(1,189,807)	(4,701,001)
Trust receipts	7,589,263	(7,774,061)	(7,774,061)	–	–
Trade and other payables^	6,297,502	(6,297,502)	(6,297,502)	–	–
	39,377,645	(43,205,844)	(30,936,824)	(6,334,422)	(5,934,598)

27 Financial instruments: Information on financial risks (continued)

Liquidity risk (continued)

	Carrying amount $	Contractual cash flows Total $	Less than 1 year $	1 – 5 years $	Over 5 years $
30 June 2021					
Non-derivative financial liabilities					
Secured bank loans	20,027,322	(21,190,080)	(12,352,317)	(6,578,797)	(2,258,966)
Lease liabilities	4,699,641	(7,680,773)	(882,823)	(1,910,154)	(4,887,796)
Trust receipts	7,593,762	(7,725,135)	(7,725,135)	–	–
Trade and other payables^	5,644,389	(5,644,389)	(5,644,389)	–	–
	37,965,114	(42,240,377)	(26,604,664)	(8,488,951)	(7,146,762)
Derivative financial liabilities					
Interest rate swap (net-settled)	116,211	(116,211)	–	(116,211)	–
Company					
Non-derivative financial liabilities					
30 June 2022					
Trade and other payables^	44,732,121	(44,732,121)	(44,732,121)	–	–
30 June 2021					
Trade and other payables^	44,483,936	(44,483,936)	(44,483,936)	–	–

^ *Excludes derivative financial liabilities*

27 Financial instruments: Information on financial risks (continued)

Liquidity risk (continued)

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the carrying amounts included in the statement of financial position. The undiscounted amounts on the borrowings with variable interest rates are determined by reference to the conditions existing at the reporting date. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

It is expected that all the liabilities will be settled at their contractual maturity. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Financial guarantee contracts

For financial guarantee contracts the maximum earliest period in which the guarantee would be called is used. At the reporting date, no claims on the financial guarantees are expected. The following table shows the maturity analysis of the financial guarantees.

	Less than 1 year $
Company	
30 June 2022	
Corporate guarantees in favour of subsidiaries	24,854,114
30 June 2021	
Corporate guarantees in favour of subsidiaries	24,972,568

27 Financial instruments: Information on financial risks (continued)

Interest rate risk

Interest rate risk refers to 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 and the Company's exposures to interest rate risk relates primarily to the Group's interest-bearing assets and liabilities. These exposures are managed partly using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. The Group also enters into interest rate swaps to manage its interest rate risk.

Exposure to interest rate risk

The table below sets out the Group's and the Company's exposure to interest rate risks:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Fixed rate instruments				
Loans and borrowings	(7,941,964)	(6,846,231)	–	–
Lease liabilities	(4,103,417)	(4,699,641)	–	–
	(12,045,381)	(11,545,872)	–	–
Variable rate instruments				
Cash at banks	4,530,197	6,975,796	84,274	100,834
Loans and borrowings	(21,034,762)	(20,774,853)	–	–
Effect of interest rate swaps	3,000,000	3,000,000	–	–
	(13,504,565)	(10,799,057)	84,274	100,834

27 Financial instruments: Information on financial risks (continued)

Interest rate risk (continued)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

The variable rate debt obligations are with interest rates that are re-set regularly at one, three or six month intervals. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. There is no impact on other components of equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	Profit before tax		Profit before tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	$	$	$	$
30 June 2022				
Variable rate instruments	(135,046)	135,046	843	(843)
30 June 2021				
Variable rate instruments	(107,991)	107,991	1,008	(1,008)

27 Financial instruments: Information on financial risks (continued)

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 30 June 2022 was indexed to SOR. In Singapore, the Steering Committee for SOR and SIBOR transition to SORA (SC-STS) together with the Association of Banks in Singapore (ABS) and Singapore Foreign Exchange Market Committee (SFEMC), has recommended the discontinuation of SOR and SIBOR and a shift towards the use of Singapore Overnight Rate Average (SORA) as the alternative interest rate benchmark in Singapore. The timeline for SORA to replace SOR and SIBOR is by the end of June 2023 and December 2024 respectively.

Management monitors and manages the Group's transition to alternative rates. The management evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties. The management reports to the Company's Board of Directors regularly and collaborates with other business functions as needed. It provides periodic reports to the Board of Directors of interest rate risk and risks arising from interest rate benchmark reform.

Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at 30 June 2022 included secured and unsecured bank loans indexed to SOR. The Group is still in the process of communication with the counterparties for all SOR indexed exposures and specific changes have yet been agreed.

27 Financial instruments: Information on financial risks (continued)

Managing interest rate benchmark reform and associated risks (continued)

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at 30 June 2022. The amounts of financial liabilities are shown at their carrying amounts are shown at their nominal amounts.

	SOR		SIBOR	
	Total amount of unreformed contracts $	Amount with appropriate fallback clause $	Total amount of unreformed contracts $	Amount with appropriate fallback clause $
Group				
30 June 2022				
Financial liabilities				
Secured bank loans	9,450,000	–	413,215	–

27 Financial instruments: Information on financial risks (continued)

Foreign currency risk

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the United States dollar ("USD"), Euro ("EUR") and Pound Sterling ("GBP").

Interest on loans and borrowings is denominated in the currency of the loans and borrowing. Generally, loans and borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily SGD, USD and EUR. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Company has a number of investments in foreign subsidiaries whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

27 Financial instruments: Information on financial risks (continued)

Foreign currency risk (continued)

Exposure to foreign currency risk

The summary of quantitative data about the Group's exposure to foreign currency risk is as follows:

	USD $	EUR $	GBP $	Others $	Total $
Group					
At 30 June 2022					
Financial assets					
Cash and cash equivalents	263,046	187,511	–	–	450,557
Trade and other receivables	1,117,512	6,229	–	–	1,123,741
Total financial assets	1,380,558	193,740	–	–	1,574,298
Financial liabilities					
Trade and other payables	(1,814,039)	(182,387)	(193,470)	(44,344)	(2,234,240)
Loans and borrowings	(306,245)	–	–	–	(306,245)
Total financial liabilities	(2,120,284)	(182,387)	(193,470)	(44,344)	(2,540,485)
Net financial assets/ (liabilities) at end of the year	(739,726)	11,353	(193,470)	(44,344)	(966,187)

27 Financial instruments: Information on financial risks (continued)

Foreign currency risk (continued)

Exposure to foreign currency risk (continued)

	USD $	EUR $	GBP $	Others $	Total $
Group					
At 30 June 2021					
Financial assets					
Cash and cash equivalents	1,587,190	16,888	–	–	1,604,078
Trade and other receivables	1,652,132	25,175	–	–	1,677,307
Total financial assets	3,239,322	42,063	–	–	3,281,385
Financial liabilities					
Trade and other payables	(2,039,062)	(73,409)	–	(23,831)	(2,136,302)
Total financial liabilities	(2,039,062)	(73,409)	–	(23,831)	(2,136,302)
Net financial assets/ (liabilities) at end of the year	1,200,260	(31,346)	–	(23,831)	1,145,083

The Company's exposure to foreign currency risk is not significant.

27 Financial instruments: Information on financial risks (continued)

Foreign currency risk (continued)

Sensitivity analysis

A reasonably possible change of the Singapore dollar, as indicated below, against the USD, EUR and GBP at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Group Profit before tax 10% strengthening $	Group Profit before tax 10% weakening $
30 June 2022		
USD	73,973	(73,973)
EUR	(1,135)	1,135
GBP	19,347	(19,347)
30 June 2021		
USD	(120,026)	120,026
EUR	3,135	(3,135)

Classification of financial assets and liabilities and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, the fair value disclosure of lease liabilities is also not required.

27 Financial instruments: Information on financial risks (continued)

Classification of financial assets and liabilities and fair values (continued)

	Carrying amount				Fair value
	At amortised costs $	Mandatorily at FVTPL $	Other financial liabilities at amortised cost $	Total $	Level 2 $
Group					
30 June 2022					
Financial assets not measured at fair value					
Trade and other receivables*	9,669,502	–	–	9,669,502	
Cash and cash equivalents	4,536,280	–	–	4,536,280	
	14,205,782	–	–	14,205,782	
Financial asset measured at fair value					
Derivatives financial assets	–	50,681	–	50,681	50,681
Financial liabilities not measured at fair value					
Fixed rate loans	–	–	(7,941,964)	(7,941,964)	(7,732,627)
Lease liabilities	–	–	(4,103,417)	(4,103,417)	
Other loans and borrowings	–	–	(21,034,762)	(21,034,762)	
Trade and other payables^	–	–	(6,297,502)	(6,297,502)	
	–	–	(39,377,645)	(39,377,645)	

* *Excludes prepayments and advances to suppliers and derivative financial assets*
^ *Excludes derivative financial liabilities*

27 Financial instruments: Information on financial risks (continued)

Classification of financial assets and liabilities and fair values (continued)

	Carrying amount				Fair value
	At amortised costs $	Mandatorily at FVTPL $	Other financial liabilities at amortised cost $	Total $	Level 2 $
Group					
30 June 2021					
Financial assets not measured at fair value					
Trade and other receivables*	9,453,320	–	–	9,453,320	
Cash and cash equivalents	6,981,664	–	–	6,981,664	
	16,434,984	–	–	16,434,984	
Financial liabilities not measured at fair value					
Fixed rate loans	–	–	(6,846,231)	(6,846,231)	(6,938,828)
Lease liabilities	–	–	(4,699,641)	(4,699,641)	
Other loans and borrowings	–	–	(20,774,853)	(20,774,853)	
Trade and other payables^	–	–	(5,644,389)	(5,644,389)	
	–	–	(37,965,114)	(37,965,114)	
Financial liability measured at fair value					
Derivatives financial liabilities	–	(116,211)	–	(116,211)	(116,211)

* *Excludes prepayments and advances to suppliers and derivative financial assets*
^ *Excludes derivative financial liabilities*

27 Financial instruments: Information on financial risks (continued)

Classification of financial assets and liabilities and fair values (continued)

	Carrying amount				Fair value
	At amortised costs $	Mandatorily at FVTPL $	Other financial liabilities at amortised cost $	Total $	Level 2 $
Company					
30 June 2022					
Financial assets not measured at fair value					
Trade and other receivables*	8,141,554	–	–	8,141,554	
Cash and cash equivalents	84,298	–	–	84,298	
	8,225,852	–	–	8,225,852	
Financial liabilities not measured at fair value					
Trade and other payables^	–	–	(44,732,121)	(44,732,121)	
30 June 2021					
Financial assets not measured at fair value					
Trade and other receivables*	5,766,688	–	–	5,766,688	
Cash and cash equivalents	100,916	–	–	100,916	
	5,867,604	–	–	5,867,604	
Financial liabilities not measured at fair value					
Trade and other payables^	–	–	(44,483,936)	(44,483,936)	

* *Excludes prepayments and advances to suppliers and derivative financial assets*
^ *Excludes derivative financial liabilities*

27 Financial instruments: Information on financial risks (continued)

Measurement of fair value

Valuation techniques and significant unobservable inputs

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

Transfer between the levels

There were no transfers between the levels during the year.

Financial instruments measured at fair value

Type	Valuation technique
Derivative financial assets and liabilities	The fair value is based on bank quote.

Financial instruments not measured at fair value

Type	Valuation technique
Fixed rate loans	Discounted cash flows: The valuation model considers the present value of future principal and interest cash flows, discounted using a risk adjusted discount rate. The discount rate used ranges from 4.22% to 6.04% (2021: 2.16% to 2.65%).

28 Commitments

The Group has the following commitments as at the reporting date:

	Group	
	2022	2021
	$	$
Development expenditure contracted for development properties but not provided for in the financial statements	–	193,122
Renovation expenditure contracted for renovation projects but not provided for in the financial statements	23,820	49,670

29 Performance Share Plan

The Company's long-term employee incentive scheme known as the TEHO Performance Share Plan 2021 ("TEHO PSP 2021") was approved and adopted by shareholders at the Company's extraordinary general meeting held on 27 October 2021. TEHO PSP 2021 is administered by the Remuneration Committee ("RC") with such discretion, powers and duties as are conferred on it by the Board of Directors. The members of the RC are Ms Joanne Khoo Su Nee, Mr Kwah Thiam Hock and Mr Chua Kim Leng.

TEHO PSP 2021 contemplates the award of fully-paid shares in the capital of the Company to participants after certain pre-determined benchmarks have been met. The Company believes that TEHO PSP 2021 will be more effective than pure cash bonuses in motivating employees to work towards pre-determined goals and promoting the long-term interest of the Company.

29 Performance Share Plan (continued)

TEHO PSP 2021 shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing from its adoption by the shareholders and may continue beyond the stipulated period with the approval of the shareholders by an ordinary resolution in general meeting and of any relevant authorities which may then be required.

Under the rules of TEHO PSP 2021 and at the absolute discretion of the RC, confirmed full-time employees of the Group who are of the age of 18 years and above, and directors of the Company who have contributed or will contribute to the success and the development of the Group are eligible to participate in TEHO PSP 2021. However, participation in TEHO PSP 2021 by the directors who are also controlling shareholders and their associates are subject to the approval by independent shareholders of the Company at a general meeting.

The total number of shares that may be issued or are issuable pursuant to the granting of the awards under TEHO PSP 2021, when added to the aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% (or such other percentage as may be prescribed or permitted from time to time by the SGX-ST) of the total number of issued ordinary shares of the Company on the day immediately preceding the relevant grant date.

There were no awards granted under the TEHO PSP 2021 by the Company or any corporation in the group since its inception and during the financial year.

There were no shares issued during the financial year by virtue of the exercise of awards to take up unissued shares of the Company or any corporation in the group.

There were no unissued shares under the TEHO PSP 2021 in the Company or any corporation in the group as at the end of the financial year.

SHAREHOLDINGS STATISTICS
AS AT 20 SEPTEMBER 2022

SHARE CAPITAL

Issued and fully paid capital	–	$38,124,072.80
Class of shares	–	Ordinary shares
Total number of shares in issue	–	235,424,614
Voting rights	–	1 vote per share
Number of treasury shares	–	Nil
Number of subsidiary holdings held	–	Nil
% of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares in issue (excluding treasury shares and subsidiary holdings)	–	Nil

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Lim See Hoe[1]	82,788,818	35.17	-	-
Lim Siew Cheng[1]	30,012,555	12.75	-	-
Lim Siew Choo[1]	24,010,047	10.20	-	-
Lin Yusheng[2]	17,669,702	7.51	-	-
Ong Chuey Geok[2]	17,669,702	7.51	-	-

Notes:

(1) Lim See Hoe, Lim Siew Cheng and Lim Siew Choo are siblings.

(2) Lin Yusheng is the daughter of Ong Chuey Geok.

LIST OF TWENTY LARGEST SHAREHOLDERS

S/N	Name	Number of Shares	%
1	Lim See Hoe	82,788,818	35.17
2	Lim Siew Cheng	30,012,555	12.75
3	Lim Siew Choo	24,010,047	10.20
4	Lin Yusheng	17,669,702	7.51
5	Ong Chuey Geok	17,669,702	7.51
6	Lim Siew Lian (Soare Siew Lian)	10,167,821	4.32
7	Liu Yining	8,352,231	3.55
8	Ng Tian Zhu	3,369,900	1.43
9	Koh Poh Seng	3,028,747	1.29
10	Toh Ong Tiam	2,071,600	0.88
11	Loy Chee Yong	1,670,447	0.71
12	Lim Yeow Shien (Lin Yaoxian)	1,506,724	0.64
13	Raffles Nominees (Pte.) Limited	1,475,445	0.63
14	Phua Sian Chin	1,400,000	0.59
15	Chan Wai Leong	1,160,217	0.49
16	Ang Hao Yao (Hong Haoyao)	1,100,800	0.47
17	DBS Nominees (Private) Limited	1,100,543	0.47
18	Goh Leng Heng	1,072,889	0.46
19	Tan Wah Yong	909,465	0.39
20	Phillip Securities Pte Ltd	851,789	0.36
	TOTAL	**211,389,442**	**89.82**

SHAREHOLDINGS STATISTICS

AS AT 20 SEPTEMBER 2022.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	36	9.21	2,035	0.00
100 - 1,000	10	2.56	2,971	0.00
1,001 - 10,000	70	17.90	255,325	0.11
10,001 - 1,000,000	257	65.73	25,536,095	10.85
1,000,001 and above	18	4.60	209,628,188	89.04
TOTAL	**391**	**100.00**	**235,424,614**	**100.00**

Based on the information available to the Company and to the best knowledge of the Directors, approximately 21.52% of the issued ordinary shares of the Company were held in the hands of the public as at 20 September 2022 and therefore, Rule 723 of the Catalist Rules is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of TEHO INTERNATIONAL INC LTD. (the "**Company**") will be held by way of electronic means on Tuesday, 25 October 2022 at 3.00 p.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2022 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final (tax exempt one-tier) dividend of 0.10 Singapore cent per ordinary share for the financial year ended 30 June 2022. **(Resolution 2)**

3. To approve the payment of Directors' fees of $180,000 for the financial year ending 30 June 2023, to be paid quarterly in arrears (FY2022: $180,000). **(Resolution 3)**

4. To re-elect Mr Lim See Hoe, a Director retiring pursuant to Regulation 107 of the Company's Constitution. (See explanatory note 1) **(Resolution 4)**

5. To re-elect Ms Joanne Khoo Su Nee, a Director retiring pursuant to Regulation 107 of the Company's Constitution. (See explanatory note 2) **(Resolution 5)**

6. To re-appoint KPMG LLP as auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

7. Ordinary Resolution: Authority to Allot and Issue Shares and Convertible Securities **(Resolution 7)**

   That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), the Directors be authorised and empowered to:

   (a) (i) allot and issue shares in the share capital of the Company ("**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 at their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument 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 Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 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 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to existing members of the Company does not exceed 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 manner of 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 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 this Resolution is passed, after adjusting for:

    (a) new Shares arising from the conversion or exercise of convertible securities;

    (b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

    (c) any subsequent bonus issue, consolidation or subdivision of Shares;

    Adjustments in accordance with sub-paragraphs (2)(a) and (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act and the Company's Constitution for the time being; and

(4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution 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 and the Catalist Rules to be held, whichever is the earlier.

(see explanatory note 3)

8. Ordinary Resolution: Renewal of Share Buy-back Mandate **(Resolution 8)**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the Directors be authorised to exercise all the powers of the Company to purchase or otherwise acquire from time to time Shares (whether by way of market purchases or off-market purchases on an equal access scheme) of up to a maximum of 10% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Ordinary Resolution at any price which the Directors may determine at their discretion, up to but not exceeding the Maximum Price (as hereinafter defined), and such purchases and acquisitions of the Shares may be by way of:

(i) Market Purchases (as defined below); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Catalist Rules as may for the time being be applicable (the "**Share Buy-back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next AGM of the Company is held or is required by law to be held;

(ii) the date on which purchases and acquisitions of shares pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked;

(d) for purposes of this Resolution:

"**Market Purchases**" means on-market purchases, transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buy-back, and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding applicable brokerage, stamp duty, commission, applicable goods and services tax, and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a share over the last five market days, on which transactions in the shares were recorded, before the day on which the Market Purchase was made, or as the case may be, the day of making of the offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period, and the day on which the purchases were made;

"**day of making of the offer**" means the day on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**market day**" means a day on which the SGX-ST is open for trading in securities, and

(e) any of the Directors be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

(see explanatory note 4)

9. That, subject to and contingent upon the passing of Resolution 5 by shareholders of the Company and the passing of Resolution 10 by shareholders of the Company, excluding the Directors and the Chief Executive Officer of the Company, and their respective associates (as defined in the Catalist Rules): **(Resolution 9)**

(a) the continued appointment of Ms Joanne Khoo Su Nee as an independent Director, for the purposes of Rule 406(3)(d)(iii)(A) of the Catalist Rules be approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Ms Joanne Khoo Su Nee as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(see explanatory note 2)

10. That, subject to and contingent upon the passing of Resolution 5, and provided that this Resolution shall only be proposed and voted upon if Resolution 9 is passed by shareholders of the Company: **(Resolution 10)**

    (a) the continued appointment of Ms Joanne Khoo Su Nee as an independent Director, for the purposes of Rule 406(3)(d)(iii)(B) of the Catalist Rules be approved; and

    (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Ms Joanne Khoo Su Nee as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

    (see explanatory note 2)

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

BY ORDER OF THE BOARD

Phua Sian Chin
Wee Woon Hong
Company Secretaries
10 October 2022

Explanatory Notes:

1. Mr Lim See Hoe will, upon re-election as a Director, remain as the Executive Chairman and Chief Executive Officer of the Company. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

2. Ordinary Resolutions 9 and 10 proposed in items 9 and 10 respectively above are pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, which provide that a director will not be independent if he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the directors and the chief executive officer of the company, and their respective associates.

   Ms Joanne Khoo Su Nee has served on the Board since 10 January 2014 and will, after 10 January 2023, serve on the Board for more than nine years from the date of her first appointment. Please refer to the "Report of Corporate Governance" section of the Annual Report of the Company for the Board's review of the independence of Ms Joanne Khoo Su Nee, and the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

   In the event that Ordinary Resolutions 5, 9 and 10 are passed, Ms Joanne Khoo Su Nee will remain as an Independent Director, the Chairwoman of the Remuneration Committee and a member of the Audit and Risk Committee and Nominating Committee of the Company. She is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

In the event that Ordinary Resolution 5 is passed but Ordinary Resolution(s) 9 and/or 10 is/are not passed, Ms Joanne Khoo Su Nee will remain as an independent Director until 10 January 2023. Thereafter, Ms Joanne Khoo Su Nee will be re-designated to Non-Executive Director as the Company continues its search for a new Independent Director to comply with the requirements of the Code of Corporate Governance 2018 and the Catalist Rules.

3. Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of the AGM until the conclusion of the next AGM of the Company, the date by which the next AGM of the Company is required by law and the Catalist Rules to be held or the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, 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, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a pro rata basis to existing members of the Company.

4. Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the AGM until the date on which the next AGM is to be held or is required by law to be held, the date on which the Share Buy-back is carried out to the full extent mandated, or the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by the Company in a general meeting, whichever is the earliest, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate are set out in greater detail in the Appendix accompanying this notice.

Notes:

The AGM is being convened, and will be held, by electronic means. The Company will not accept any physical attendance by members and any member seeking to attend the AGM physically in person will be turned away.

Printed copies of this notice and the accompanying Annual Report and Proxy Form will NOT be sent to members. Instead, these documents will be made available to members solely by electronic means via publication on the Company's website at the URL https://investor.teho.com.sg, on the registration portal at the URL https://globalmeeting.bigbangdesign.co/teho2022agm/ and also on the SGXNET at the URL https://www.sgx.com/securities/company-announcements.

Alternative arrangements relating to members' participation at the AGM are:

(a) observing and/or listening to the AGM proceedings contemporaneously via a live webcast and live audio feed of the AGM proceedings ("**Live AGM Webcast**" and "**Live AGM Audio Feed**", respectively);

(b) submitting questions in advance of, or "live" at, the AGM, in relation to the resolutions set out in the Notice of AGM; and

(c) voting at the AGM (a) "live" by the members themselves or their duly appointed proxy(ies) (other than the Chairman of the AGM) via electronic means; or (b) by appointing the Chairman of the AGM as proxy to attend and vote on their behalf at the AGM.

Members will be able to participate in the AGM in the following manner set out in the paragraphs below.

Pre-registration

The Company is arranging for the Live AGM Webcast and the Live AGM Audio Feed which will take place on Tuesday, 25 October 2022 at 3.00 p.m. in place of the physical AGM. Members will be able to observe and/or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed via their mobile phones, tablets, computers or any such electronic device, submit questions in advance of, or "live" at, the AGM and vote at the AGM (i) "live" by the members themselves or their duly appointed proxies (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM. To do so, they will need to complete the following steps.

(a) Members (including, where applicable, their appointed proxies), including investors who buy Shares using SRS monies ("**SRS Investors**"), who wish to follow the proceedings of the AGM must pre-register for access to the Live AGM Webcast or the Live AGM Audio Feed at the pre-registration website at the URL https://globalmeeting.bigbangdesign.co/teho2022agm/ from 10 October 2022 up to 3.00 p.m. on Saturday, 22 October 2022, being not less than 72 hours before the time appointed for holding the AGM, to enable the Company to verify their status.

(b) Following the verification and upon the closure of pre-registration, authenticated members (including SRS Investors) and where applicable, appointed proxies, who have pre-registered via the pre-registration website will receive a confirmation email by 3.00 p.m. on 24 October 2022 (being 24 hours before the time appointed for the holding of the AGM) via the e-mail address provided during pre-registration or as indicated in the Proxy Form.

(c) Members will be able to access the Live AGM Webcast or the Live AGM Audio Feed with the instructions provided in the confirmation email. Members are reminded that the AGM proceedings are private. Accordingly, members must not share their login credentials to other persons who are not members and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast and the Live AGM Audio Feed.

(d) Members (including SRS Investors) and, where applicable, appointed proxies, who do not receive the confirmation email by 3.00 p.m. on 24 October 2022, but have registered by 3.00 p.m. on 22 October 2022, may contact the Company's webcast vendor, Big Bang Design, by email at webcast@bigbangdesign.co for assistance, with the following details included:

    (i) Member's full name;

    (ii) his/her/its identification/company registration number; and

    (iii) the manner in which the shares are held (e.g. via CDP or SRS).

(e) Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (other than SRS Investors), and who wish to participate in the AGM, should contact their respective relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

Submission of Questions

(a) Members, including SRS Investors, can submit substantial and relevant questions relating to the resolutions set out in the Notice of AGM in advance of, or "live" at, the AGM.

(b) Submission of substantial and relevant questions in advance of the AGM:

Members, including SRS Investors, can submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM, in the following manner:

    (i) by post to the Company's registered office at 1 Commonwealth Lane, #09-23 One Commonwealth, Singapore 149544;

    (ii) via email to ir@teho.com.sg; and/or

    (iii) at the URL https://globalmeeting.bigbangdesign.co/teho2022agm/.

Members, including SRS Investors, who wish to submit their questions via email or by post are required to indicate their full names (for individuals)/company names (for corporates), NRIC/passport number/company registration numbers, contact numbers, shareholding types and number of shares held together with their submission of questions, to the office address or email address provided. Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (excluding SRS Investors) should contact their respective relevant intermediaries through which they hold such Shares to submit their questions related to the resolutions to be tabled for approval at the AGM based on the abovementioned instructions.

All questions submitted in advance of the AGM via any of the above channels must be received by 3.00 p.m. on 17 October 2022 (being at least five (5) working days before the time appointed for holding the AGM).

(c) Members (including SRS Investors) and, where applicable, appointed proxies, can also ask the Chairman of the AGM substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, "live" at the AGM, by typing in and submitting their questions via the online platform hosting the Live AGM Webcast and the Live AGM Audio Feed. Members (including SRS Investors) and, where applicable, appointed proxies, who wish to ask questions "live" at the AGM must first pre-register at the pre-registration website at the URL https://globalmeeting.bigbangdesign.co/teho2022agm/ by 3.00 p.m. on 22 October 2022.

(d) The Company will endeavour to address all substantial and relevant questions received from members prior to the AGM by publishing the responses to such questions on the SGXNet at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://investor.teho.com.sg before 3.00 p.m. on 20 October 2022. The Company will address those substantial and relevant questions which have not already been addressed, as well as those received "live" at the AGM itself, during the AGM through the Live AGM Webcast and the Live AGM Audio Feed. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

(e) The Company will publish the minutes of the AGM on the SGXNet and the Company's website within one (1) month after the date of its AGM held, and the minutes of the AGM will include the responses to substantial and relevant questions from members which are addressed during the AGM.

Voting

(a) Members who wish to exercise their voting rights at the AGM may:

(i) (where such members are individuals) vote "live" via electronic means at the AGM or (where such members are individuals or corporates) appoint proxies (other than the Chairman of the AGM)* to vote "live" via electronic means at the AGM on their behalf; or

(ii) (where such members are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.

(iii) Members (including SRS Investors) and, where applicable, appointed proxies, who wish to vote "live" at the AGM must first pre-register at the pre-registration website at the URL https://globalmeeting.bigbangdesign.co/teho2022agm/.

* For the avoidance of doubt, SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.

(b) Members who wish to submit Proxy Forms (duly executed together with the power of attorney or other authority, if any, under which the Proxy Form is signed or a notarially certified copy of that power of attorney or other authority, failing previous registration with the Company) must do so in the following manner:

(i) by post to the Company's registered office at 1 Commonwealth Lane, #09-23 One Commonwealth, Singapore 149544; or

(ii) via email to ir@teho.com.sg,

in each case, by 3.00 p.m. on 22 October 2022 (being not less than 72 hours before the time appointed for holding the AGM).

A member who wishes to submit a Proxy Form appointing a proxy(ies) by post or via email can download a copy of the Proxy Form from the SGXNet or the Company's website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

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

(c) Appointed proxies (other than the Chairman of the AGM) must pre-register at the pre-registration website at the URL https://globalmeeting.bigbangdesign.co/teho2022agm/ in order to access the Live AGM Webcast and the Live AGM Audio Feed. Members who wish to appoint third party proxies are encouraged to submit their Proxy Forms early, and should request their proxies to pre-register by 3.00 p.m. on 22 October 2022, failing which the appointment shall be invalid.

(d) Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including SRS Investors:

  (i) may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective relevant intermediaries (including SRS Operators), and should contact their respective relevant intermediaries (including SRS Operators) if they have any queries regarding their appointment as proxies; or

  (ii) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective relevant intermediaries (including SRS Operators) to submit their votes at least seven (7) business days before the AGM (i.e. by 3.00 p.m. on 13 October 2022).

(e) A proxy need not be a member of the Company. The Chairman of the AGM, as proxy, need not be a member of the Company.

(f) The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form (such as in the case where the appointor submits more than one Proxy Form). If no specific direction as to voting is given in respect of a resolution, the appointed proxy/proxies will vote or abstain from voting at his/her/their discretion. If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

In addition, in the case of Shares entered in the Depository Register maintained by The Central Depository (Pte) Limited, the Company may reject a Proxy Form if the Members, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by CDP to the Company.

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

Documents

The Annual Report, Notice of AGM, and Proxy Form will be made available to members solely by electronic means via publication on the Company's website at the URL https://investor.teho.com.sg, on the registration portal at the URL https://globalmeeting.bigbangdesign.co/teho2022agm/ and also on the SGXNET at the URL https://www.sgx.com/securities/company-announcements. Printed copies of these documents will not be sent to members.

IMPORTANT NOTICE: Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNET. Members are advised to check the SGXNET regularly for updates on the AGM.

Personal Data Privacy:

By (a) submitting a form appointing a proxy(ies) (including the Chairman of the AGM) to attend and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via the Live AGM Webcast or the Live AGM Audio Feed, or (c) submitting any question prior to or during the AGM in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of the appointment of the proxy(ies) for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their proxies or corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before and during the AGM and if necessary, following up with the relevant members in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this notice.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

ADDENDUM
DATED 10 OCTOBER 2022

THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents herein or the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

This Addendum together with the Annual Report of TEHO International Inc Ltd. (the "**Company**") for the financial year ended 30 June 2022 (the "**Annual Report**") has been made available to the shareholders of the Company (the "**Shareholders**") on SGXNET and the Company's website at https://investor.teho.com.sg. Its purpose is to explain to Shareholders the relevant information relating to, and to seek Shareholders' approval for, the proposed renewal of the Share Buy-back Mandate (as defined herein) to be tabled at the annual general meeting (the "**AGM**") of the Company to be held on Tuesday, 25 October 2022 at 3.00 p.m. or at any adjournment thereof by way of electronic means.

A printed copy of this Addendum and the Annual Report will NOT be despatched to Shareholders. The notice of AGM and the proxy form are enclosed with the Annual Report.

This Addendum has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). This Addendum has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Addendum, including the correctness of any of the statements or opinions made or reports contained in this Addendum. The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

TEHO INTERNATIONAL INC LTD.
(Incorporated in the Republic of Singapore on 10 June 2008)
(Company Registration Number: 200811433K)

ADDENDUM TO THE ANNUAL REPORT IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

TEHO INTERNATIONAL INC LTD.
(Company Registration Number 200811433K)
(Incorporated in the Republic of Singapore)

Directors	**Registered Office**
Lim See Hoe (*Executive Chairman and Chief Executive Officer*)	1 Commonwealth Lane
Lim Siew Cheng (*Executive Director and Chief Operating Officer*)	#09-23
Kwah Thiam Hock (*Lead Independent Non-Executive Director*)	One Commonwealth
Joanne Khoo Su Nee (*Independent Non-Executive Director*)	Singapore 149544
Chua Kim Leng (*Independent Non-Executive Director*)	

10 October 2022

To: The Shareholders of TEHO International Inc Ltd.

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

1.1 The Directors refer to the notice of AGM of the Company dated 10 October 2022 (the "**Notice of AGM**") convening the AGM of the Company to be held on Tuesday, 25 October 2022.

1.2 The proposed Ordinary Resolution 8 in the Notice of AGM relates to the renewal of a general share buy-back mandate (the "**Share Buy-back Mandate**"). The Shareholders had previously approved, at the AGM of the Company held on 27 October 2021, the renewal of the Share Buy-back Mandate to authorise the directors of the Company (the "**Directors**") to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") on the terms of the Share Buy-back Mandate. The authority conferred by the Share Buy-back Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 8 at the 2021 AGM and will expire on the date of the forthcoming AGM. Accordingly, Shareholders' approval is being sought for the renewal of the Share Buy-back Mandate at the forthcoming AGM.

1.3 The purpose of this Addendum is to provide Shareholders with the relevant information relating to, and to explain the rationale for, the proposed renewal of the Share Buy-back Mandate to be tabled at the AGM. Opal Lawyers LLC has been appointed as the legal adviser to the Company as to Singapore law in relation to this Addendum.

1.4 This Addendum has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

1.5 The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Addendum. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Authority and limits of the Share Buy-back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy-back Mandate are summarised below:

2.1.1 Maximum number of Shares

The Share Buy-back Mandate, if renewed, will authorise the Directors, from time to time, to purchase Shares either through market purchases (the "**Market Purchases**") or off-market purchases on an equal access scheme (the "**Off-Market Purchases**") as defined in Section 76C of the Companies Act 1967 (the "**Companies Act**") of up to a maximum of 10% of the total number of issued Shares as at the date of the AGM at which the Share Buy-back Mandate is renewed, at such price up to but not exceeding the Maximum Price (as defined below). For the purpose of calculating the percentage of the total number of issued Shares above, any Shares which are held as treasury shares and subsidiary holdings will be disregarded.

For illustrative purposes only, based on the total number of issued Shares as at 20 September 2022, being the latest practicable date prior to the issue of this Addendum (the "**Latest Practicable Date**") of 235,424,614 Shares (excluding treasury shares and subsidiary holdings), and assuming that there is no change in such number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the AGM, not more than 23,542,461 Shares (representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the AGM) may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate.

2.1.2 Maximum price to be paid for the Shares

The purchase price (excluding applicable brokerage, stamp duty, commission, goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buy-back Mandate.

However, the purchase price to be paid for a Share pursuant to the purchases or acquisitions of the Shares must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

in either case, excluding related expenses of the Share Buy-back (the **"Maximum Price"**).

For the above purposes, (i) **"Average Closing Price"** means the average of the closing market prices of the Shares over the last five days on which the SGX-ST is open for trading in securities (the "**Market Day**"), on which transactions in the Shares were recorded, before the day on which the Market Purchase was made, or as the case may be, the day of making of the offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days period and the day on which the purchases were made; and (ii) **"day of making of the offer"** means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.1.3 Duration of authority

If renewed, the Share Buy-back Mandate will take effect from the date of the AGM and continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier, unless prior thereto, share purchases are carried out to the full extent mandated or the Share Buy-back Mandate is revoked or varied by the Company at a general meeting.

2.2 **Manner of purchase of Shares**

Purchases of Shares can be effected by the Company by way of, *inter alia*:

(a) Market Purchases, transacted on the SGX-ST through the SGX-ST trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buy-back; and/or

(b) Off-Market Purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined under Section 76C of the Companies Act and as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the rules of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Catalist Rules and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:

(aa) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;

(bb) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed share buy-back;

(d) the consequences, if any, of share buy-back by the Company that will arise under the Take-over Code (as defined below) or other applicable take-over rules;

(e) whether the share buy-back, if made, would have any effect on the listing of the Shares on the Catalist of the SGX-ST;

(f) details of any share buy-back made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions; and

(g) whether the Shares purchased or acquired by the Company will be cancelled and/or kept as treasury shares.

2.3 **Rationale for the Share Buy-back Mandate**

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) The purchase or acquisition of Shares under the Share Buy-back Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of Shares) and offset the effects of short-term share price speculation, supporting the fundamental value of the Shares, thereby bolstering Shareholders' confidence and employees' morale.

(b) The Share Buy-back Mandate would provide the Company with the flexibility to purchase or acquire its Shares if and when circumstances permit, during the period when the Share Buy-back Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders.

In addition, the Share Buy-back Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.

(c) In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, Share Buy-backs may be considered as one of the ways through which the return on equity of the Group may be enhanced.

(d) Repurchased Shares which are held in treasury may be transferred for the purposes of or pursuant to employees' share schemes implemented by the Company.

While the Share Buy-back Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in Section 2.1.1 during the period referred to in Section 2.1.3, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-back Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buy-back Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or the Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buy-back Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.4 **Sources of funds for Share Buy-back**

In buying back Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution and the applicable laws in Singapore. The Company may not buy Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, the Company may purchase or acquire its Shares out of capital or profits so long as the Company is solvent.

Under the Companies Act, Share Buy-backs may be made out of the Company's distributable profits or capital so long as the Company is solvent. In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimates of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

Pursuant to Section 76F(4) of the Companies Act, a company is "solvent" if the following conditions are satisfied:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) if,

 (i) it is intended to commence the winding up of the company within the period 12 months immediately after the date of payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

 (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition of Shares pursuant to the Share Buy-back Mandate, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of its Shares pursuant to the Share Buy-back Mandate. In purchasing or acquiring Shares pursuant to the Share Buy-back Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will consider the availability of external financing. However, in considering the option of external financing, the Directors will also consider the financial position of the Group, particularly the prevailing gearing level of the Group and the costs of such financing.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Buy-back Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.5 Status of purchased or acquired Shares

2.5.1 Cancellation

Shares purchased or acquired by the Company, shall, unless held as treasury shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to those Shares will expire on such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) and cancelled will be automatically de-listed by the SGX-ST. Certificates in respect thereof will be cancelled by the Company as soon as reasonably practicable following settlement of any such Share Buy-back.

At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interest of the Company at that time.

2.5.2 **Treasury Shares**

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(i) Maximum Holdings

The total aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares (the "**Treasury Shares Limit**"). Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within 6 months or such further periods as the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") may allow.

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at general meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

(a) sell the treasury shares (or any of them) for cash;

(b) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares (or any of them); or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

The Company is required under Rule 704(31) of the Catalist Rules to immediately announce any sale, transfer, cancellation and/or use of treasury shares stating the following:

a. date of the sale, transfer, cancellation and/or use;

b. purpose of such sale, transfer, cancellation and/or use;

c. number of treasury shares sold, transferred, cancelled and/or used;

d. number of treasury shares before and after such sale, transfer, cancellation and/or use;

e. percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

f. value of the treasury shares if they are used for a sale or transfer, or cancelled.

Shares purchased or acquired under the Share Buy-back Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

As at the Latest Practicable Date, the Company has no treasury shares. Where Shares purchased or acquired pursuant to the Share Buy-back Mandate are held as treasury shares, the number of such Shares to be held as treasury shares, when aggregated with the existing treasury shares held, shall not, subject to the Companies Act, exceed the Treasury Shares Limit at any time.

2.6 Financial Effects of the Share Buy-back Mandate

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buy-back Mandate on the EPS and net asset value (the "**NAV**") per Share of the Company and the Group as the resultant effect would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions, whether the purchase or acquisition is made out of capital and/or profits, and whether the Shares purchased or acquired are held in treasury and/or cancelled.

The repurchased Shares may be cancelled or held as treasury shares. Any Share Buy-back will:

(a) reduce the amount of the Company's share capital where the Shares were purchased or acquired out of the capital of the Company;

(b) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or

(c) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for such Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of distributable profits, such consideration (including costs incidental to the purchase or acquisition) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced. The NAV of the Company and the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

The Directors do not propose to exercise the Share Buy-back Mandate to such an extent that it would have a material adverse effect on the liquidity, working capital and overall financial position of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buy-back Mandate will be exercised with a view to enhancing the EPS and/or the NAV per Share of the Group.

The financial effects presented below are based on the following assumptions:

(a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 235,424,614 issued Shares (excluding treasury shares and subsidiary holdings).

(b) *Illustrative Financial Effects*

Purely for illustrative purposes, on the basis of 235,424,614 Shares in issue as at the Latest Practicable Date and having taken into consideration the Group's financial position as at 30 June 2022, the purchase or acquisition by the Company of 10% of its Shares will result in the purchase or acquisition of 23,542,461 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 23,542,461 Shares at the Maximum Price of $0.049 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive

Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 23,542,461 Shares is approximately $1,153,581.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 23,542,461 Shares at the Maximum Price of $0.056 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 23,542,461 Shares is approximately $1,318,378.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

(i) the Share Buy-back Mandate had been effective on 1 July 2021; and

(ii) such Share purchases or acquisitions are funded solely by internal resources,

the financial effects of the Share Buy-back on the audited consolidated financial results of the Company and the Group for the financial year ended 30 June 2022 ("**FY2022**"), are set out below:

(i) **PURCHASES MADE ENTIRELY OUT OF DISTRIBUTABLE PROFITS OR CAPITAL AND HELD AS TREASURY SHARES**

(a) **Market Purchases**

	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 30 June 2022	**Group**		**Company**	
	($)	**($)**	**($)**	**($)**
Shareholders' Funds	20,344,980	19,191,399	(20,064,022)	(21,217,603)
NAV [1]	20,344,980	19,191,399	(20,064,022)	(21,217,603)
Current Assets	45,217,345	44,063,764	8,249,334	8,249,334
Current Liabilities	31,138,300	31,138,300	44,747,090	45,900,671
Working Capital	14,079,045	12,925,464	(36,497,756)	(37,651,337)
Net Debt	28,543,863	29,697,444	(84,298)	1,069,283
Number of Shares	235,424,614	235,424,614	235,424,614	235,424,614
Treasury Shares	–	(23,542,461)	–	(23,542,461)
Weighted average number of Shares for FY2022	235,424,614	211,882,153	235,424,614	211,882,153
Financial Ratios				
NAV per Share (cents) [2]	8.64	9.06	(8.52)	(10.01)
Gearing (times)	1.98	2.10	(2.23)	(2.16)
Current Ratio (times) [3]	1.45	1.42	0.18	0.18
Basic EPS (cents)	1.20	1.33	n.a.	n.a.

n.a. : not applicable

(b) **Off-Market Purchases**

As at 30 June 2022	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group		Company	
	($)	($)	($)	($)
Shareholders' Funds	20,344,980	19,026,602	(20,064,022)	(21,382,400)
NAV [(1)]	20,344,980	19,026,602	(20,064,022)	(21,382,400)
Current Assets	45,217,345	43,898,967	8,249,334	8,249,334
Current Liabilities	31,138,300	31,138,300	44,747,090	46,065,468
Working Capital	14,079,045	12,760,667	(36,497,756)	(37,816,134)
Net Debt	28,543,863	29,862,241	(84,298)	1,234,080
Number of Shares	235,424,614	235,424,614	235,424,614	235,424,614
Treasury Shares	–	(23,542,461)	–	(23,542,461)
Weighted average number of Shares for FY2022	235,424,614	211,882,153	235,424,614	211,882,153
Financial Ratios				
NAV per Share (cents) [(2)]	8.64	8.98	(8.52)	(10.09)
Gearing (times)	1.98	2.12	(2.23)	(2.15)
Current Ratio (times) [(3)]	1.45	1.41	0.18	0.18
Basic EPS (cents)	1.20	1.33	n.a.	n.a.

(ii) **PURCHASES MADE ENTIRELY OUT OF DISTRIBUTABLE PROFITS OR CAPITAL AND CANCELLED**

(a) **Market Purchases**

As at 30 June 2022	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group		Company	
	($)	($)	($)	($)
Shareholders' Funds	20,344,980	19,191,399	(20,064,022)	(21,217,603)
NAV [(1)]	20,344,980	19,191,399	(20,064,022)	(21,217,603)
Current Assets	45,217,345	44,063,764	8,249,334	8,249,334
Current Liabilities	31,138,300	31,138,300	44,747,090	45,900,671
Working Capital	14,079,045	12,925,464	(36,497,756)	(37,651,337)
Net Debt	28,543,863	29,697,444	(84,298)	1,069,283
Number of Shares	235,424,614	211,882,153	235,424,614	211,882,153
Weighted average number of Shares for FY2022	235,424,614	211,882,153	235,424,614	211,882,153
Financial Ratios				
NAV per Share (cents) [(2)]	8.64	9.06	(8.52)	(10.01)
Gearing (times)	1.98	2.10	(2.23)	(2.16)
Current Ratio (times) [(3)]	1.45	1.42	0.18	0.18
Basic EPS (cents)	1.20	1.33	n.a.	n.a.

(b) **Off-Market Purchases**

As at 30 June 2022	**Before Share Purchase**	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
	Group		**Company**	
	($)	**($)**	**($)**	**($)**
Shareholders' Funds	20,344,980	19,026,602	(20,064,022)	(21,382,400)
NAV [(1)]	20,344,980	19,026,602	(20,064,022)	(21,382,400)
Current Assets	45,217,345	43,898,967	8,249,334	8,249,334
Current Liabilities	31,138,300	31,138,300	44,747,090	46,065,468
Working Capital	14,079,045	12,760,667	(36,497,756)	(37,816,134)
Net Debt	28,543,863	29,862,241	(84,298)	1,234,080
Number of Shares	235,424,614	211,882,153	235,424,614	211,882,153
Weighted average number of Shares for FY2022	235,424,614	211,882,153	235,424,614	211,882,153
Financial Ratios				
NAV per Share (cents) [(2)]	8.64	8.98	(8.52)	(10.09)
Gearing (times)	1.98	2.12	(2.23)	(2.15)
Current Ratio (times) [(3)]	1.45	1.41	0.18	0.18
Basic EPS (cents)	1.20	1.33	n.a.	n.a.

Notes:

(1) NAV represents total assets less total liabilities.

(2) NAV per Share is calculated based on NAV and 235,424,614 Shares in issue as at 30 June 2022.

(3) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2022, and is not necessarily representative of the future financial performance of the Company or the Group.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution. Although the Share Buy-back Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares purchased or acquired or hold all or part of the Shares purchased or acquired in treasury.

2.7 Take-over Implications under the Singapore Code on Take-overs and Mergers

Appendix 2 of the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.7.1 Obligations to make a Take-over Offer

Pursuant to the Take-over Code, if, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**"). Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of six months.

Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make a mandatory take-over offer under Rule 14, unless the conditions for exemption pursuant to paragraph 3(a) of Appendix 2 of the Take-over Code are satisfied.

2.7.2 Persons acting in concert

Under the Take-over Code, persons acting in concert (the "**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

(a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act in accordance to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with each of them, will incur an obligation to make a mandatory take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.7.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted pursuant to paragraph 3(a) of Appendix 2 of the Take-over Code, a Director and his concert parties will incur an obligation to make a mandatory take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Director and his concert parties would increase to 30% or more, or in the event that such Director and his concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Director and his concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Shareholder and his concert parties, treasury shares shall be excluded.

Shareholders will be subject to the provisions of Rule 14 if they acquire voting shares after the Company's Share Buy-back. For this purpose, an increase in the percentage of voting rights as a result of the Share Buy-back will be taken into account in determining whether a shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of 6 months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a mandatory take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the proposed renewal of the Share Buy-back Mandate.

Based on the information in the Company's register of members as at the Latest Practicable Date, none of the Directors or Substantial Shareholders are obliged to make a mandatory take-over offer under Rule 14 as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Singapore Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.8 Tax implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of purchase or acquisition of Shares by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.9 Catalist Rules

2.9.1 As at the Latest Practicable Date, approximately 50,654,916 Shares, representing 21.52% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) are held by public Shareholders. The "public", as defined under the Catalist Rules, are persons other than the Directors, Substantial Shareholders, chief executive officers or Controlling Shareholders of the Company and its subsidiaries, as well as associates of such persons. **For illustrative purposes only**, assuming the Company exercises the Share Buy-back Mandate in full and purchases the maximum of 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date through Market Purchases from the public, the public float would be reduced to approximately 27,112,455 Shares, representing approximately 12.80% of the total number of issued Shares.

Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buy-back Mandate without adversely affecting the listing status of the Shares on Catalist, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect orderly trading. The Company does not have any individual shareholding limit or foreign shareholding limit.

2.9.2 Under the Catalist Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of a share over the last five Market Days on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in paragraph 2.1 of this Addendum, conforms to this restriction.

2.9.3 While the Catalist Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time, because the listed company would be regarded as an "insider" in relation to any purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in line with the best practices on dealing with securities stipulated in the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period commencing one month immediately preceding the announcement of the Company's interim (half-year) results or the annual (full-year) results.

2.10 Reporting requirements

2.10.1 Notification to the ACRA

Within 30 days of the passing of the Shareholders' resolution to approve the proposed renewal of the Share Buy-back Mandate, the Company will lodge a copy of such resolution with ACRA.

The Company will also lodge with ACRA a notice of purchase or acquisition of Shares within 30 days of such purchase or acquisition. Such notification shall include the date of purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled or held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid for the purchase or acquisition and whether such consideration is paid out of profits or capital of the Company, and such other information as may be prescribed from time to time.

In addition, within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company will lodge with ACRA a notice of cancellation or disposal of treasury shares with such information as may be prescribed from time to time.

2.10.2 Notification to the SGX-ST

Rule 871 of the Catalist Rules specifies that a listed company must make an announcement on SGXNET of all purchases or acquisitions of its shares no later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement shall include details of the total number of Shares authorised for purchase or acquisition, the date of purchase or acquisition, the total number of Shares purchased or acquired, the purchase price per Share or (in the case of Market Purchases) the purchase price per Share or the highest price and lowest price per Share, the total consideration paid for the Shares, the number of issued Shares after purchase or acquisition and such other information as may be prescribed under the Catalist Rules from time to time.

In addition, under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of usage, the purpose of usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued Shares before and after the usage, the value of the treasury shares comprised in the usage and such other information as may be prescribed under the Catalist Rules from time to time.

2.11 Details of the Shares Bought by the Company in the previous 12 months

The Company has not made any purchases or acquisitions of its Shares (via Market Purchases or Off-Market Purchases) during the 12-month period immediately preceding the Latest Practicable Date.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the substantial shareholders of the Company in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	% [(1)]	Number of Shares	% [(1)]
Directors				
Lim See Hoe	82,788,818	35.17	-	-
Lim Siew Cheng	30,012,555	12.75	-	-
Kwah Thiam Hock	-	-	-	-
Joanne Khoo Su Nee	-	-	-	-
Chua Kim Leng	-	-	-	-
Substantial Shareholders				
Lim Siew Choo	24,010,047	10.20	-	-
Ong Chuey Geok	17,669,702	7.51	-	-
Lin Yusheng	17,669,702	7.51	-	-

Notes:

(1) Based on the issued share capital of the Company of 235,424,614 Shares as at the Latest Practicable Date.

Save for their respective shareholding interests in the Company, none of the Directors and to the best of the Directors' knowledge, none of the Substantial Shareholders has any direct or indirect interest in the proposed renewal of the Share Buy-back Mandate.

4. APPROVAL AND RESOLUTION

Shareholders' approval for the proposed renewal of the Share Buy-back Mandate will be sought at the AGM. The resolution relating to the proposed renewal of the Share Buy-back Mandate is contained in the Notice of AGM as Ordinary Resolution 8.

5. DIRECTORS' RECOMMENDATION

After having considered the rationale and the information relating to the proposed renewal of the Share Buy-back Mandate, the Directors are of the opinion that the proposed renewal of the Share Buy-back Mandate is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution 8 in respect of the proposed renewal of the Share Buy-back Mandate as set out in the notice of AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-back Mandate and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum 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 Addendum in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 1 Commonwealth Lane, #09-23 One Commonwealth, Singapore 149544, during normal business hours from the date of this Addendum up to and including the date of the AGM:

(a) the Company's Constitution; and

(b) the Annual Report of the Company for FY2022.

Yours faithfully
For and on behalf of the Board of Directors of
TEHO International Inc Ltd.

LIM SEE HOE
Executive Chairman and Chief Executive Officer

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TEHO INTERNATIONAL INC LTD.

(Company Registration Number 200811433K)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

I/We*, ____ (Name)

(NRIC/Passport/Registration number*) ______________________________

of ____ (Address)

being a member/members* of **TEHO INTERNATIONAL INC LTD.** (the "**Company**") hereby appoint:

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

and/or (delete as appropriate)

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

or if no proxy is named, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held by electronic means on Tuesday, 25 October 2022 at 3.00 p.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, vote against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the AGM and at any adjournment thereof.

IMPORTANT

1. The AGM will be held by way of electronic means.
2. SRS investors: (a) may vote live via electronic means at the AGM if they are appointed as proxies by their respective SRS operators, and should contact their respective SRS operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective SRS operators to submit their votes by 3.00 p.m. on 13 October 2022.
3. This proxy form is not valid for use by SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

NO.	RESOLUTIONS	NUMBER OF VOTES FOR***	NUMBER OF VOTES AGAINST***	NUMBER OF VOTES ABSTAIN***
ORDINARY BUSINESS				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2022 together with the Independent Auditor's Report thereon			
2.	To declare a first and final dividend of 0.10 Singapore cent per ordinary share for the financial year ended 30 June 2022			
3.	To approve the payment of Directors' fees of $180,000 for the financial year ending 30 June 2023, to be paid quarterly in arrears			
4.	To re-elect Mr Lim See Hoe as a Director of the Company			
5.	To re-elect Ms Joanne Khoo Su Nee as a Director of the Company			
6.	To re-appoint KPMG LLP as auditor of the Company and to authorise the Directors to fix its remuneration			
SPECIAL BUSINESS				
7.	To authorise the Directors to allot and issue shares and convertible securities			
8.	To approve the renewal of Share Buy-back Mandate			
9.	To approve the continued appointment of Ms Joanne Khoo Su Nee as an independent Director, for purposes of Rule 406(3)(d)(iii)(A) of the Catalist Rules of the SGX-ST			
10.	To approve the continued appointment of Ms Joanne Khoo Su Nee as an independent Director, for purposes of Rule 406(3)(d)(iii)(B) of the Catalist Rules of the SGX-ST			

* Delete where inapplicable.

** Compulsory for registration purposes. Appointed proxy(ies) will have to pre-register at the pre-registration website at the URL https://globalmeeting.bigbangdesign.co/teho2022agm/ in order to access the Live AGM Webcast and the Live AGM Audio Feed.

*** Please indicate your vote "For", "Against" or "Abstain" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this ________ day of ______________ 2022

Total Number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

____

Signature(s) and/or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

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

2. Members who wish to exercise their voting rights at the AGM may:

   (a) (where such members are individuals) vote "live" via electronic means at the AGM or (where such members are individuals or corporates) submit this Proxy Form to appoint proxies (other than the Chairman of the AGM)* to vote "live" via electronic means at the AGM on their behalf; or

   (b) (where such members are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.

   (c) Members (including SRS Investors) and, where applicable, appointed proxies, who wish to vote "live" at the AGM must first pre-register at the pre-registration website at the URL https://globalmeeting.bigbangdesign.co/teho2022agm/.

   * For the avoidance of doubt, SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.

   This proxy form may be downloaded from the SGXNet at the URL https://www.sgx.com/securities/company-announcements, the Company's website at the URL https://investor.teho.com.sg or on the registration portal at the URL https://globalmeeting.bigbangdesign.co/teho2022agm/.

3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form; and

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

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

4. A proxy need not be a member of the Company.

5. This proxy form, duly executed, must be submitted to the Company in the following manner:

   (i) by post to the Company's registered office at 1 Commonwealth Lane, #09-23 One Commonwealth, Singapore 149544; or

   (ii) via email to ir@teho.com.sg,

   in each case, by 3.00 p.m. on 22 October 2022 (being not less than 72 hours before the time appointed for holding the AGM).

6. Completion and return of this proxy form does not preclude a member from attending and voting at the AGM. A member who accesses the "live" webcast of the AGM proceedings may revoke the appointment of a proxy(ies) at any time before the AGM commences and in such an event, the Company reserves the right to terminate the proxy(ies)' access to the AGM proceedings.

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

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

9. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act 1967 of Singapore.

10. Persons who hold shares through relevant intermediaries (including SRS investors) and wish to exercise their votes:

    (a) may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective relevant intermediaries (which would include SRS operators), and should contact their respective relevant intermediaries if they have any queries regarding their appointment as proxies; or

    (b) may appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective relevant intermediaries (which would include SRS operators) to submit their votes at least seven (7) business days before the AGM (i.e. by 3.00 p.m. on 13 October 2022), in order to allow sufficient time for their respective relevant intermediaries to in turn submit this proxy form to appoint the Chairman of the AGM to vote on their behalf by 3.00 p.m. on 22 October 2022.

11. The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this proxy form, the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 10 October 2022.

TEHO INTERNATIONAL INC LTD.
Registration number 200811433K
1 Commonwealth Lane
#09-23 One Commonwealth
Singapore 149544