

T&HO



Navigating Challenges, Sustaining Growth

ANNUAL REPORT 2023

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 Property Industry. 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.

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This Annual Report 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 Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

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CONTENTS

- 03** Corporate Profile
- 05** Distribution Network
- 06** Chairman's Statement
- 09** Board Of Directors
- 10** Executive Officers
- 11** Management Team
- 12** Group Structure
- 14** Operations & Business Review
- 17** Financial Highlights
- 18** Major Properties
- 18** Major Properties Held for Sale
- 19** Corporate Information
- 20** Corporate Directory





37 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 m² warehouse

1999 Acquired 7,000 m² warehouse

2004 Established logistics points in Sharjah, Antwerp and Houston

2005 Acquired 11,000 m² 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 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.

We also manage turnkey projects where we support water and outfitting systems 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.

PROPERTY

PROPERTY INVESTMENT, PROPERTY DEVELOPMENT & SERVICES

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

TEHO Development, together with a group of subsidiaries, form the property 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





**Marine & Offshore
Offices and Warehouses**



**Logistics Points
and Agents**



**Real Estate
Offices**

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



“

The Group's profit before tax was S\$3.5 million in FY2023 as compared to S\$3.7 million in FY2022. After accounting for income tax of S\$0.6 million, the Group's profit for FY2023 was S\$2.8 million, similar to FY2022”

CHAIRMAN'S STATEMENT

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 great pleasure to present to you the Annual Report for the financial year ended 30 June 2023 (“**FY2023**”).

OVERVIEW

The macro-economic environment was challenging in FY2023, especially with the high inflation and interest rates. We were conscious of the situation and had made efforts in managing the various challenges we encountered, eventually managing to maintain our profit after tax of S\$2.8 million, similar to FY2022. It is heartening that our Marine & Offshore Segment continued to make robust inroads with an increase of 14.2% to S\$63.7 million. Increased marine transportation of energy supplies as a result of the European Union's diversion of energy supplies from Russia certainly contributed to our growth.

FINANCIAL REVIEW

Revenue increased by S\$13.5 million or 23.7% to S\$70.7 million in FY2023 from S\$57.2 million in FY2022. The increase was mainly contributed by a S\$7.9 million increase in our Marine & Offshore Segment and a S\$5.6 million increase in the contribution from Property Segment mainly due to sale of a semi-detached landed property in Singapore.

The Group's gross profit of S\$23.6 million in FY2023 increased by S\$1.0 million or 4.3% from S\$22.6 million in FY2022.

The Group's profit before tax was S\$3.5 million in FY2023 as compared to S\$3.7 million in FY2022. After accounting for income tax of S\$0.6 million, the Group's profit for FY2023 was S\$2.8 million.

THRIVING DURING CHALLENGING TIMES

Heading into the financial year ending 30 June 2024 (“FY2024”), the Russian-Ukraine war, US-China and East Asian relations continue to pose anxieties to the global communities. In addition, China's economic slowdown further exacerbates the already challenging situation. The Group shall remain vigilant and continue with our proven strategies to overcome the challenges ahead of us. The ongoing European Union's embargo of Russian energies hopefully will provide some respites to the challenging environment.

Our team in USA has consolidated their operations and settled down at their new premises in Houston, Texas. Together with all of our other strategic supply points, the Group shall leverage on this advantage to further enhance our service level to our global customers.

I am 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 bearing fruits. I believe that we can continue to navigate and carry our good work through the rough seas in FY2024.

REAPING THE REWARDS

In view of the results in FY2023, the Board has proposed a first and final dividend of 0.1 Singapore cents per share to reward our valued shareholders for their continuing support for 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



2009 Listed TEHO International Inc Ltd. on the SGX Catalyst

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 Shipperservice 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 Shipperservice B.V. attained ISO 9001:2008

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.

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: 25 October 2022

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 and Risk Committee. He serves as an independent director of Phillip Private Equity Fund 6, a private equity firm and GIP fund manager in Singapore. He was formerly an Independent Director of Wilmar International Limited, Excelpoint Technology Ltd and IFS Capital Limited, 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. 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: 25 October 2022

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 26 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 during her tenure. She also serves as an Independent Non-Executive Director of Xamble Group Limited (formerly known as Netccentric Limited), a company listed on the Australian Securities Exchange (“ASX”) and JE Cleantech Holdings Ltd, a company listed on the National Association of Securities Dealers Automatic Quotation System (“Nasdaq”). 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. Ltd. and Hong Leong Finance Limited. She started her career at PricewaterhouseCoopers in 1997. Ms Khoo 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 ICHX Tech Pte Ltd (a recognised market operator in Singapore), Sygnum Bank AG (a Swiss bank based in Zurich) and GXS Bank Pte Ltd (a digital bank in Singapore). 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. 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.

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 28 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 m² 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 m² warehouse

2020 TEHO EuROPE B.V. acquires additional warehouse with plot size of 1,735 m²

New stock point in Las Palmas

2021 TEHO International (USA), LLC acquires new warehouse and office with plot size of 10,396m²

OPERATIONS & BUSINESS REVIEW

FINANCIAL PERFORMANCE REVIEW

Revenue

Revenue increased by S\$13.5 million or 23.7% to S\$70.7 million for FY2023 from S\$57.2 million for FY2022.

- Marine & Offshore Segment revenue in FY2023 increased by S\$7.9 million in FY2023 as compared to FY2022. The increase was mainly attributable to increased revenue contribution from the mooring and rigging business of S\$7.2 million and water treatment business of S\$0.7 million.
- Revenue contribution from Property Segment increased by S\$5.6 million in FY2023 as compared to FY2022. The increase was mainly due to the sale of a semi-detached landed property, and this had also contributed to the increase in cost of sales for this segment.

Gross profit

The Group's gross profit of S\$23.6 million in FY2023 increased by S\$1.0 million or 4.3% from S\$22.6 million in FY2022. The Group's gross profit margin decreased to 33.3% in FY2023 as compared to 39.5% in FY2022.

- Marine & Offshore Segment contributed gross profit of S\$22.6 million to the Group in FY2023 as compared to S\$21.4 million in FY2022. The gross profit margin

decreased to 35.4% in FY2023 from 38.4% in FY2022. The decrease in gross profit margin was mainly due to the lower gross profit margin from the mooring and rigging business.

- Property Segment contributed gross profit of S\$1.0 million to the Group in FY2023, of which S\$0.8 million was contributed by the Group's property consultancy business.

Other operating income

Other operating income decreased by S\$1.1 million or 73.2% to S\$0.4 million in FY2023 from S\$1.5 million in FY2022. The decrease was mainly due to the absence of a global settlement of a legal suit reached in March 2022.

Distribution expenses

Distribution expenses remained stable at S\$1.6 million in FY2023 despite the increase in revenue. These were mainly attributable to lower freight costs as a result of easing in supply chain disruptions that were built up during the COVID-19 pandemic.

Administrative expenses

Administrative expenses decreased by S\$0.3 million or 2.4% in FY2023. The decrease was mainly due to absences of legal fees of S\$0.6 million in relation to the global settlement of a legal suit reached in March 2022. The decrease in legal fees was partially offset by the increase in manpower costs.



OPERATIONS & BUSINESS REVIEW

Other operating expenses

Other operating expenses increased by S\$0.2 million or 3.4% to S\$4.5 million in FY2023 from S\$4.3 million in FY2022. The increase was mainly due to higher depreciation of property, plant and equipment for FY2023.

Finance income

Finance income, comprising mainly interest income from bank deposits, remained insignificant for FY2023.

Finance costs

Finance costs increased by S\$0.3 million or 32.2% to S\$1.2 million in FY2023 from S\$0.9 million in FY2022. The increase was mainly due to the significant increase in interest rates in FY2023.

Income tax expense

In FY2023, the Group incurred an income tax expense of S\$0.6 million as compared to S\$0.8 million in FY2022.

Profit for the year

Combining the profit before tax of S\$4.1 million for the Marine & Offshore Segment, loss before tax of S\$0.1 million for the Property Segment and the unallocated head office expenses of S\$0.5 million, the Group's profit before tax was S\$3.5 million in FY2023 as compared to a profit before tax of S\$3.7 million in FY2022. After accounting for income tax expense of S\$0.6 million in FY2023, the Group's profit for FY2023 was S\$2.8 million (FY2022: S\$2.8 million).

FINANCIAL POSITION REVIEW

Non-current assets

Non-current assets decreased to S\$14.7 million as at 30 June 2023 from S\$15.4 million as at 30 June 2022. The decrease was mainly due to the following:

- Property, plant and equipment decreased by S\$0.5 million due to (i) amortisation of right-of-use assets and depreciation of property, plant and equipment of S\$1.8 million, (ii) derecognition of right-of-use assets amounting to S\$0.3 million, and (iii) reclassification to assets held for sale of S\$0.6 million. The decrease stated above was partially offset by the acquisition of plant and equipment of S\$2.2 million.
- Trade and other receivables decreased by S\$0.2 million due to monthly repayments from the global settlement of a legal suit.

Current assets

Current assets decreased by S\$2.9 million from S\$45.2 million as at 30 June 2022 to S\$42.3 million as at 30 June 2023. The decrease was mainly due to the following:

- Development properties decreased by S\$5.5 million due to the sale of a landed residential property located at 16 Lorong Salleh in Singapore; and
- Inventories decreased by S\$2.2 million from S\$25.1 million as at 30 June 2022 to S\$22.9 million as at 30



OPERATIONS & BUSINESS REVIEW

June 2023. The decrease was mainly due to efforts to optimize inventory levels in the Marine & Offshore Segment's business operations as a result of stabilisation of supply chain.

The decrease stated above was partially offset by the following:

- Assets held for sale increased by S\$0.5 million as at 30 June 2023 following the planned disposal of a leasehold property owned by TEHO Water & Envirotec Pte Ltd. The disposal of the leasehold property was completed on 17 July 2023;
- Trade and other receivables increased by S\$0.7 million, in line with the increase in the Marine & Offshore Segment revenue in FY2023; and
- Cash and cash equivalents increased by S\$3.6 million from S\$4.5 million as at 30 June 2022 to S\$8.1 million as at 30 June 2023. Please refer to the "Cash Flows Review" section below for details.

Non-current liabilities

Non-current liabilities decreased by S\$0.3 million to S\$8.9 million as at 30 June 2023 from S\$9.2 million as at 30 June 2022. The decrease was mainly due

to the non-current portion of loans and borrowings decreasing S\$0.4 million as a result of repayment of term loans and lease liabilities. The decrease stated above was offset by the increase of deferred grant income of S\$0.1 million due to the recognition of grant received in FY2023 over the useful life of the process improvement projects for the mooring and rigging business.

Current liabilities

Current liabilities decreased by S\$6.0 million to S\$25.1 million as at 30 June 2023 from S\$31.1 million as at 30 June 2022. The decrease was mainly due to the following:

- Current portion of loans and borrowings decreased by S\$5.6 million, due mainly to (i) repayment of land and construction loans of S\$3.6 million as the Group sold its development at 16 Lorong Salleh in Singapore, (ii) reclassification of a bank loan of S\$1.7 million to non-current portion and (iii) repayment of lease liabilities of S\$0.3 million;
- Trade and other payables decreased by S\$0.1 million due to slowdown in purchase of goods in June 2023 in order to maintain inventories at the optimum level;

- Contract liabilities decreased by S\$0.3 million; and
- Current tax liabilities decreased by S\$0.2 million due mainly to adjustment for overprovision of taxation for prior periods.

The decrease stated above was partially offset by the increase in deferred grant income of S\$0.2 million.

Shareholders' equity

Shareholders' equity increased by S\$2.8 million to S\$23.1 million as at 30 June 2023 from S\$20.3 million as at 30 June 2022. The increase was mainly due to:

- Net profit recorded for FY2023 amounting to S\$2.8 million; and
- Increase in other reserves of S\$0.2 million.

The increase stated above was partially offset by the dividend declared of S\$0.2 million.

CASH FLOWS REVIEW

The Group's net cash flows generated from operating activities was S\$12.5 million in FY2023 compared to S\$0.9 million in FY2022. The increase in net cash

flows generated from operating activities was mainly due to lower working capital requirements in FY2023. The lower working capital requirements was mainly due to (i) sale of a landed residential property and (ii) lower optimized inventory levels in the Marine & Offshore Segment's business.

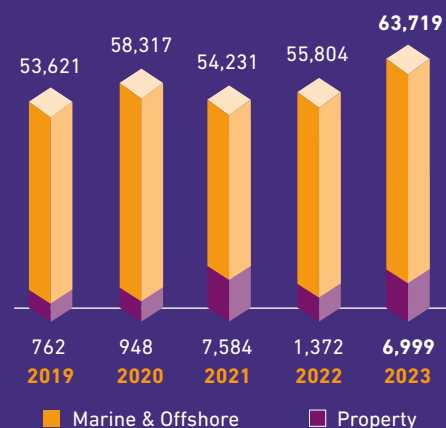
The cash flows used in investing activities amounted to S\$0.6 million in FY2023 was mainly due to lower capital expenditure on the acquisition of property, plant and equipment of S\$1.0 million, partially offset by the receipt of deferred grant income of S\$0.4 million.

Net cash flows used in financing activities amounted to S\$8.3 million in FY2023 was mainly due to dividend payment of S\$0.2 million, interest payment of S\$1.2 million, repayment of loans and borrowings of S\$25.4 million, and payment of lease liabilities of S\$0.8 million; partially offset by proceeds from the drawdown of loans and borrowings of S\$19.3 million.

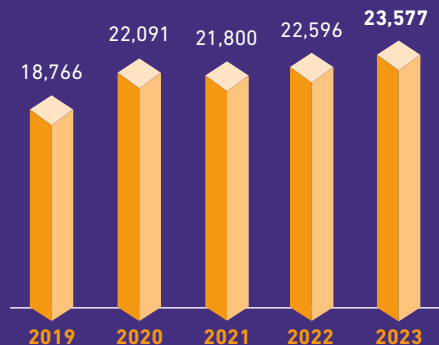
As at 30 June 2023, the Group has cash and cash equivalents of S\$8.1 million as compared to S\$4.5 million as at 30 June 2022.

FINANCIAL HIGHLIGHTS

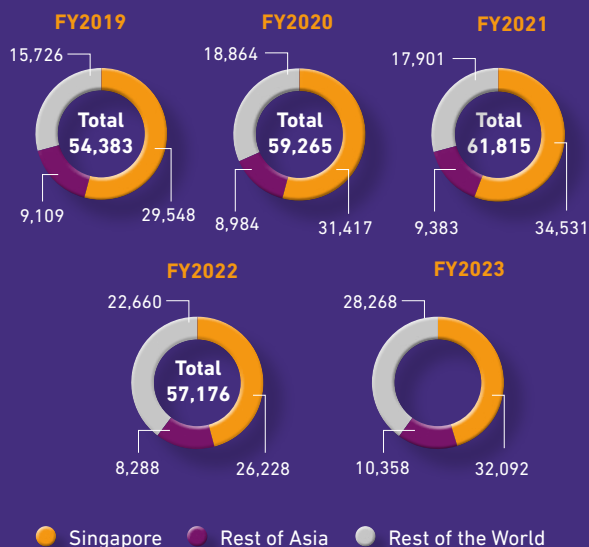
Revenue By Operating Segments (\$'000)



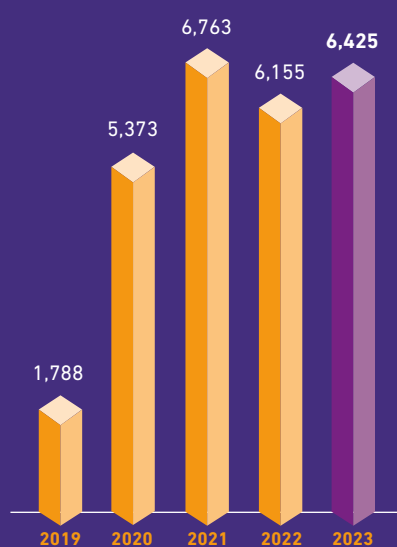
Gross Profit (\$'000)



Revenue By Geographical Areas (\$'000)



EBITDA (\$'000)



FY2019 FY2020 FY2021 FY2022 FY2023

Revenue By Operating Segments

| | | | | | |
|----------------------------|--------|--------|--------|--------|---------------|
| Marine & Offshore (\$'000) | 53,621 | 58,317 | 54,231 | 55,804 | 63,719 |
| Property (\$'000) | 762 | 948 | 7,584 | 1,372 | 6,999 |
| Total | 54,383 | 59,265 | 61,815 | 57,176 | 70,718 |

Revenue By Geographical Areas

| | | | | | |
|----------------------------|--------|--------|--------|--------|---------------|
| Singapore (\$'000) | 29,548 | 31,417 | 34,531 | 26,228 | 32,092 |
| Rest of Asia (\$'000) | 9,109 | 8,984 | 9,383 | 8,288 | 10,358 |
| Rest of the World (\$'000) | 15,726 | 18,864 | 17,901 | 22,660 | 28,268 |
| Total | 54,383 | 59,265 | 61,815 | 57,176 | 70,718 |

Operating Results

| | | | | | |
|--|--------|--------|--------|--------|---------------|
| Gross Profit (\$'000) | 18,766 | 22,091 | 21,800 | 22,596 | 23,577 |
| EBITDA (\$'000) | 1,788 | 5,373 | 6,763 | 6,155 | 6,425 |
| Profit/(Loss) Before Tax (\$'000) | (299) | 2,028 | 4,129 | 3,672 | 3,463 |
| Profit/(Loss) After Tax (\$'000) | (460) | 1,185 | 3,231 | 2,823 | 2,840 |
| Gross Profit Margin (%) | 34.5 | 37.3 | 35.3 | 39.5 | 33.3 |
| Basic Earnings/(Loss) Per Ordinary Share (Cents) | (0.20) | 0.50 | 1.37 | 1.20 | 1.21 |
| Diluted Earnings/(Loss) Per Ordinary Share (Cents) | (0.20) | 0.50 | 1.37 | 1.20 | 1.21 |

Financial Position

| | | | | | |
|--------------------------------|--------|--------|--------|--------|---------------|
| Total Assets (\$'000) | 56,940 | 66,564 | 56,856 | 60,660 | 57,069 |
| Total Liabilities (\$'000) | 43,258 | 51,677 | 38,743 | 40,315 | 33,992 |
| Total Equity (\$'000) | 13,682 | 14,887 | 18,113 | 20,345 | 23,077 |
| Cash (\$'000) | 4,622 | 5,310 | 6,982 | 4,536 | 8,116 |
| Borrowings (\$'000) | 37,164 | 44,674 | 32,321 | 33,080 | 27,040 |
| Debt-to-adjusted capital ratio | 2.38 | 2.64 | 1.40 | 1.40 | 0.82 |
| NAV Per Ordinary Share (Cents) | 5.84 | 6.32 | 7.69 | 8.64 | 9.80 |

MAJOR PROPERTIES

AS AT 30 JUNE 2023

| 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 |
| 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 HELD FOR SALE

AS AT 30 JUNE 2023

| Location | Description | Approx. Land (sqm) | Approx. Gross Floor Area (sqm) | Tenure |
|--|---|--------------------|--------------------------------|-----------------------------------|
| 1 Bukit Batok Crescent* #03-20, Singapore 658064 | Leasehold ramp-up factory unit for production work | 240 | 240 | 60 years commencing 13 March 1997 |

* The sale of this property was completed on 17 July 2023. The Group held 100% over the property as at 30 June 2023.

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 AND RISK 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 Commonwealth Lane, #09-23 One Commonwealth
Singapore 149544
Tel: (65) 6744 8777
Fax: (65) 6744 8788
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 Tuas Lane, Singapore 638610
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

- 22** Report of Corporate Governance
- 60** Directors' Statement
- 63** Independent Auditors' Report
- 66** Statements of Financial Position
- 67** Consolidated Statement of Profit or Loss
- 67** Consolidated Statement of Comprehensive Income
- 68** Consolidated Statement of Changes in Equity
- 69** Consolidated Statement of Cash Flows
- 70** Notes to the Financial Statements
- 131** Shareholdings Statistics
- 133** Notice of Annual General Meeting
- 143** Addendum
- Proxy Form



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**”) 2023, 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 11.4 – Absentia voting at general meetings of shareholders
- (d) 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.

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

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;

REPORT OF CORPORATE GOVERNANCE

- (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

REPORT OF CORPORATE GOVERNANCE

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 and Risk Committee ("ARC") 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 Private Limited, provides updates to the Board whenever there are changes to the listing rules or the Code of Corporate Governance.

Courses, conferences and seminars attended by the Directors in FY2023 include:

| Name of Director | Courses, Conferences and Seminars |
|--------------------|--|
| Lim See Hoe | Sustainability E-Training for Directors |
| Lim Siew Cheng | Sustainability E-Training for Directors |
| Chua Kim Leng | Sustainability E-Training for Directors and Operationalising Sustainability for Directors |
| Kwah Thiam Hock | Sustainability E-Training for Directors and Strategic Conflict Management for Professionals, SID Conference |
| Joanne Khoo Su Nee | Sustainability E-training for Directors, SGX ESGenome On-boarding Seminar, ASX Listing Rules Compliance Course and other courses which include, among others, Rethinking corporate governance for the ESG World, Tax Webinar - Tax Governance and Risk Management, and Sustainability Reporting - Insights on recent developments. |

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.

REPORT OF CORPORATE GOVERNANCE

The principal functions and roles of the Board Committees are described in subsequent sections of this Report, and the 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, and annual general meeting ("AGM"), held and attended by each member for FY2023 are disclosed below:

| Names of directors | Types of Meetings | | | | |
|------------------------------|-------------------|--------------------------|----------------------|------------------------|----------|
| | Board | Audit and Risk Committee | Nominating Committee | Remuneration Committee | AGM |
| Total held for FY2023 | 3 | 2 | 1 | 2 | 1 |
| Mr Lim See Hoe | 3 [#] | 2 [*] | 1 [*] | 2 [*] | 1 |
| Ms Lim Siew Cheng | 3 | 2 [*] | 1 [*] | 2 [*] | 1 |
| Mr Kwah Thiam Hock | 3 | 2 [#] | 1 | 2 | 1 |
| Ms Joanne Khoo Su Nee | 3 | 2 | 1 | 2 [#] | 1 |
| Mr Chua Kim Leng | 3 | 2 | 1 [#] | 2 | 1 |

Notes:

- # Chairman
- * By invitation

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.

REPORT OF CORPORATE GOVERNANCE

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

The Company 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") |

REPORT OF CORPORATE GOVERNANCE

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 and Ms Joanne Khoo Su Nee have served on the Board for more than nine years from the date of their first appointment.

On 11 January 2023, Singapore Exchange Regulation ("SGX RegCo") announced changes to the Catalist Rules limiting the tenure of independent directors to nine years and to remove with immediate effect the two-tier vote mechanism to retain long-serving independent directors who have served for more than nine years. As transition, independent directors whose tenure exceeds the nine-year limit can continue to be deemed independent until an issuer's AGM held for the financial year ending on or after 31 December 2023.

In view of the changes to the Catalist Rules, Mr Kwah Thiam Hock and Ms Joanne Khoo Su Nee, who were appointed to the Board since 5 May 2009 and 10 January 2014 respectively, will continue to be deemed independent until the conclusion of the AGM of the Company held for the financial year ending on 30 June 2024.

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.

REPORT OF CORPORATE GOVERNANCE

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. The Company has adopted a board diversity policy ("**Board Diversity Policy**") which formalised 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.

REPORT OF CORPORATE GOVERNANCE

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 NC and the Board have considered the requirements of the Rule 710A on board diversity. The Board has met its target in having female representation on the Board.

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.

REPORT OF CORPORATE GOVERNANCE

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 appoint separate persons to take on the roles 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 will provide feedback to the Chairman after such meetings.

REPORT OF CORPORATE GOVERNANCE

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.

REPORT OF CORPORATE GOVERNANCE

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. In recommending new Directors to the Board, the NC takes into consideration the qualifications, competencies, commitment, background, experience, business knowledge, finance and management skills required to support the Group's business activities or strategies, as well as the current composition and size of the Board.

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 performance in meetings (such as pro-activeness of participation, preparedness and candour) and any other factors as may be determined by the NC. Each member of the NC will abstain from recommending his or her own re-election. The NC has recommended the re-election of Ms Lim Siew Cheng and Mr Chua Kim Leng at the forthcoming AGM. The Board has accepted the NC's recommendations, and the two directors will be offering themselves for re-election.

Ms Lim Siew Cheng (Executive Director and COO, and a substantial shareholder of the Company) is siblings with Mr Lim See Hoe (Executive Chairman and CEO, and a controlling 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.

REPORT OF CORPORATE GOVERNANCE

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

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

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 | 25 October 2022 | TEHO International Inc Ltd. | Nil | Nil |
| Ms Lim Siew Cheng | 15 October 2008 | 27 October 2021 | TEHO International Inc Ltd. | Nil | Nil |

| 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 Kwah Thiam Hock | 5 May 2009 | 27 October 2021 | 1. PM Shipping Pte Ltd 2. Philip Ventures Enterprise Fund 6 Ltd. | Nil | 1. Select Group Limited 2. IFS Capital Limited 3. Wilmar International Limited 4. Excelpoint Technology Ltd |
| Ms Joanne Khoo Su Nee | 10 January 2014 | 25 October 2022 | - | 1. Xamble Group Limited (formerly known as Netccentric Limited) 2. ES Group (Holdings) Limited 3. JE Cleantech Holdings Ltd | 1. Kitchen Culture Holdings Limited 2. Excelpoint Technology 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.

REPORT OF CORPORATE GOVERNANCE

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 will 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 FY2023 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.

REPORT OF CORPORATE GOVERNANCE

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Provision 6.1 The Board establishes a 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 will 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 will 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.

REPORT OF CORPORATE GOVERNANCE

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 will 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 FY2023.

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.

REPORT OF CORPORATE GOVERNANCE

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. Notwithstanding, the Company is cognisant of the new Catalyst Rule 1204(10D), which was implemented with effect from 11 January 2023 and will disclose the exact amounts with breakdown of remuneration paid to each individual director and the CEO, on a named basis, by the Company and its subsidiaries in its Annual Report in respect of the financial year ending 30 June 2025 onwards.

A breakdown, showing the level and mix of each director’s remuneration for FY2023 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 | 1.1 | 63.8 | 22.7 | 12.4 | 100.0 |

REPORT OF CORPORATE GOVERNANCE

| Remuneration band and name of director | Fee | Salary | Bonus | Benefits | Total |
|--|-------|--------|-------|----------|-------|
| | % | % | % | % | % |
| \$500,000 to below \$600,000 | | | | | |
| Ms Lim Siew Cheng | 2.0 | 73.9 | 21.0 | 3.1 | 100.0 |
| | | | | | |
| 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 FY2023, 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 | 70.0 | 5.8 | 24.2 | 100.0 |
| | | | | | |
| \$250,000 to below \$350,000 | | | | | |
| Mr Phua Sian Chin | Chief Financial Officer | 74.6 | 13.8 | 11.6 | 100.0 |
| Ms Lim Siew Choo | General Administration Director | 77.4 | 17.8 | 4.8 | 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 \$972,000 for FY2023.

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 FY2023 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 | 1.1 | 63.8 | 22.7 | 12.4 | 100.0 |
| | | | | | | |
| \$500,000 to below \$600,000 | | | | | | |
| Ms Lim Siew Cheng | Executive Director and COO | 2.0 | 73.9 | 21.0 | 3.1 | 100.0 |
| | | | | | | |
| \$350,000 to below \$400,000 | | | | | | |
| Ms Soare Siew Lian | CEO of USA Operations | – | 70.0 | 5.8 | 24.2 | 100.0 |
| | | | | | | |
| \$250,000 to below \$300,000 | | | | | | |
| Ms Lim Siew Choo | General Administration Director | – | 77.4 | 17.8 | 4.8 | 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 FY2023, was a substantial shareholder, an immediate family member of a director, the CEO or a substantial shareholder of the Company.

REPORT OF CORPORATE GOVERNANCE

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 provides support to the Board in overseeing the risk management and internal control functions of the Group.

REPORT OF CORPORATE GOVERNANCE

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 NLA Risk Consulting Pte. Ltd., to undertake an Internal Audit Review of the Group annually and an Enterprise Risk Management Update Review on a biennial basis.

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.

Enterprise Risk Management

The ARC had engaged the Internal Auditors to undertake an Enterprise Risk Management Update Review of the Group, which was last conducted in November 2021 and will commence in November 2023, 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.

Internal controls

On 26 August 2022, 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 internal audit carried out by the Internal Auditors spanned over the FY2023 which covered the following major areas of operations of the Group under two phases:

Phase 1:

- (a) Inventory Management; and
- (b) Operational Finance

REPORT OF CORPORATE GOVERNANCE

Phase 2:

- (a) Fixed Asset Management; and
- (b) General IT Controls

The aforementioned review were completed and the Internal Auditors issued two reports to the ARC. One report was issued in relation to the local subsidiaries in the Marine & Offshore Segments, dated 19 October 2022. One report was issued in relation to an overseas subsidiary in the Marine & Offshore Segment dated 18 April 2023.

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 FY2023. 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 FY2023 external audit, (b) the Internal Auditor's internal audit report for FY2023, 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 FY2023 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.

REPORT OF CORPORATE GOVERNANCE

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 2023. 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 and Risk 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;

REPORT OF CORPORATE GOVERNANCE

- (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.

REPORT OF CORPORATE GOVERNANCE

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 FY2023, 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 FY2023:

| Matters considered | Audit and Risk Committee's comments |
|---------------------------|--|
| Valuation of inventories | <p>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.</p> <p>The external auditor has included this item as a key audit matter in the audit report for FY2023. Please refer to page 62 of this Annual Report.</p> |

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 FY2023. 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 FY2023 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

REPORT OF CORPORATE GOVERNANCE

- (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 FY2023, 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 FY2023. There were also no cases of bribery, corruption, anti-competitive behaviour, or other material non-compliance with the law during the year.

REPORT OF CORPORATE GOVERNANCE

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 more than 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 three internal auditors. The Director, Mr Gary Ng, has over 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.

REPORT OF CORPORATE GOVERNANCE

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 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 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 conducts 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. The forthcoming AGM will be held, in a wholly physical format, at Carlton Hotel Singapore, Empress Ballroom 4, 76 Bras Basah Road, Singapore 189558 on 27 October 2023 at 3.00 p.m. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the AGM, submission of questions by shareholders in advance of the AGM, and voting at the AGM by shareholders or their duly appointed proxy(ies), are set out in detail in the notice of AGM.

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.

REPORT OF CORPORATE GOVERNANCE

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 FY2023.

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.

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.

REPORT OF CORPORATE GOVERNANCE

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 cents per ordinary share for FY2023, 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 continuing 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;

REPORT OF CORPORATE GOVERNANCE

- (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 through stakeholder engagement can be found in the Company's Sustainability Report for FY2023, which will be published as a standalone report by 31 October 2023. A copy of it will be made available on the Company's website at <https://teho.com.sg/>.

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.

REPORT OF CORPORATE GOVERNANCE

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 FY2023 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) | |
|---|---------------------------------|--|-----------|---|--------|
| | | FY2023 | FY2022 | FY2023 | FY2022 |
| Asdev Investments Pte. Ltd. - Rental of office space ⁽¹⁾ | Common director and shareholder | \$288,000 | \$290,176 | - | - |

Note:

- (1) Annual rental pursuant to the Lease Agreement dated 29 July 2022 entered into between TEHO Ropes & Supplies Pte. Ltd. ("TR SPL"), 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 2022 and expired on 31 July 2023.

TR SPL had on 26 July 2023 renewed the lease with Asdev Investments Pte. Ltd. by entering into a new lease agreement for a period of one year commencing from 1 August 2023 and expiring on 31 July 2024.

REPORT OF CORPORATE GOVERNANCE

Audit and Non-Audit Fees

During FY2023, the aggregate amount of fees paid or payable to the External Auditors for the audit services amounted to \$224,700.

There was no provision of non-audit services by the External Auditors for FY2023.

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 FY2023.

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.

REPORT OF CORPORATE GOVERNANCE

Information on Directors Seeking Re-Election

Ms Lim Siew Cheng and Mr Chua Kim Leng 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 Ms Lim Siew Cheng and Mr Chua Kim Leng in accordance with Appendix 7F of the Catalist Rules is set out below:

| | MS LIM SIEW CHENG | MR CHUA KIM LENG |
|--|--|--|
| Date of appointment | 15 October 2008 | 1 January 2021 |
| Date of last re-appointment (if applicable) | 27 October 2021 | 27 October 2021 |
| Age | 66 | 54 |
| 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 Ms Lim's overall contributions and performance, is of the view that she is suitable for re-appointment as an executive director of the Company. | The Board, having considered the recommendation of the NC and assessed Mr Chua's overall contributions and performance, is of the view that he is suitable for re-appointment as an independent director of the Company. |
| Whether appointment is executive, and if so, the area of responsibility | Executive. As set out in Ms Lim's profile write-up at page 9 of this Annual Report. | Non-Executive |
| Job title (e.g. Lead ID, AC Chairman, AC Member etc.) | Executive Director and COO | Independent Director, Chairman of the NC and a member of the ARC and RC of the Company |
| Professional qualifications | Nil | Bachelor of Business Administration (Honours), National University of Singapore |
| Working experience and occupation(s) during the past 10 years | As set out in Ms Lim's profile write-up at page 9 of this Annual Report. | As set out in Mr Chua's profile write-up at page 9 of this Annual Report. |
| Shareholding interest in the listed issuer and its subsidiaries | Direct interest: 30,012,555 ordinary shares | Nil |

REPORT OF CORPORATE GOVERNANCE

| | MS LIM SIEW CHENG | MR CHUA KIM LENG |
|---|---|--|
| 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 | <p>Ms Lim is siblings with the following individuals:</p> <ol style="list-style-type: none"> Mr Lim See Hoe (Executive Chairman and CEO, and a substantial shareholder of the Company); Ms Soare Siew Lian (CEO of the Group's USA Operations); Ms Lim Siew Choo (General Administration Director of the Group and a substantial shareholder of the Company); and Mr Lim See Heng, the late spouse of Mdm Ong Chuey Geok (a substantial shareholder of the Company) and the late father of Ms Lin Yusheng (a substantial shareholder of the Company). | 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 | <p><u>Past (for the last 5 years)</u></p> <p>Executive Director of:</p> <ol style="list-style-type: none"> TEHO Development (Cambodia) Pte. Ltd. TEHO Offshore Pte. Ltd. TEHO Property Network Pte. Ltd. <p>Other Principal Commitments: Nil</p> | <p><u>Past (for the last 5 years)</u></p> <p>Directorships:</p> <ol style="list-style-type: none"> Ayumu Singapore Pte. Ltd. Ternary Asia Master Fund Pte. Ltd. Ternary PBP Capital Private Limited Ternary Centennial Pte. Ltd. Ternary Fund Management Private Limited Sygnum Pte. Ltd. Gambling Regulatory Authority (formerly known as Casino Regulatory Authority) |

REPORT OF CORPORATE GOVERNANCE

| | MS LIM SIEW CHENG | MR CHUA KIM LENG |
|---|---|---|
| | <p><u>Present</u></p> <p>Executive Director of:</p> <ol style="list-style-type: none"> 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. (formerly known as TIEC Holdings Pte. Ltd.) <p>Other Principal Commitments: Nil</p> | <p>Other Principal Commitments: Monetary Authority of Singapore – Special Advisor (Financial Supervision)</p> <p><u>Present</u></p> <p>Directorships:</p> <ol style="list-style-type: none"> 1. GXS Bank Pte. Ltd. 2. ICHX Tech Pte. Ltd. 3. Sygnum Bank AG 4. United Overseas Insurance Limited 5. Yangzijiang Financial Holding Ltd. <p>Other Principal Commitments: Nil</p> |
| <p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p> | | |
| (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 |

REPORT OF CORPORATE GOVERNANCE

| | MS LIM SIEW CHENG | MR CHUA KIM LENG |
|---|-------------------|------------------|
| (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 |

REPORT OF CORPORATE GOVERNANCE

| | MS LIM SIEW CHENG | MR CHUA KIM LENG |
|--|-------------------|------------------|
| (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 |

REPORT OF CORPORATE GOVERNANCE

| | MS LIM SIEW CHENG | MR CHUA KIM LENG |
|---|-------------------|------------------|
| <p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p> <p>(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</p> <p>(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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> | No | No |
| <p>(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?</p> | 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 2023.

In our opinion:

- (a) the financial statements set out on pages 65 to 125 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 2023 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 2023 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.

DIRECTORS' STATEMENT

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 Catalyst 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

26 September 2023

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 2023, 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 65 to 125.

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 2023 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

As at 30 June 2023, the Group holds inventories of \$22.9 million (2022: \$25.1 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.

How the matter was addressed in our audit

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.

INDEPENDENT AUDITOR'S REPORT

Members of the Company
TEHO International Inc Ltd.

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

INDEPENDENT AUDITOR'S REPORT

Members of the Company
TEHO International Inc Ltd.

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

26 September 2023

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

| | Note | Group | | Company | |
|-------------------------------|------|-------------------|-------------------|-------------------|-------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | \$ | \$ | \$ | \$ |
| Assets | | | | | |
| Property, plant and equipment | 4 | 14,236,927 | 14,709,352 | 193,682 | 249,728 |
| Investment in subsidiaries | 5 | – | – | 15,869,035 | 16,184,006 |
| Investment in joint venture | 6 | – | – | – | – |
| Deferred tax assets | 7 | 255,939 | 232,663 | – | – |
| Trade and other receivables | 11 | 224,678 | 500,272 | – | – |
| Non-current assets | | 14,717,544 | 15,442,287 | 16,062,717 | 16,433,734 |
| Inventories | 8 | 22,855,251 | 25,093,190 | – | – |
| Development property | 9 | – | 5,465,226 | – | – |
| Contract costs | 10 | 1,560 | 26,250 | – | – |
| Tax recoverable | | 1,004 | 1,038 | – | – |
| Trade and other receivables | 11 | 10,806,451 | 10,056,463 | 8,314,494 | 8,165,036 |
| Contract assets | 12 | 2,910 | 38,898 | – | – |
| Cash and cash equivalents | 13 | 8,115,573 | 4,536,280 | 71,039 | 84,298 |
| | | 41,782,749 | 45,217,345 | 8,385,533 | 8,249,334 |
| Asset held for sale | 14 | 569,011 | – | – | – |
| Current assets | | 42,351,760 | 45,217,345 | 8,385,533 | 8,249,334 |
| Total assets | | 57,069,304 | 60,659,632 | 24,448,250 | 24,683,068 |

| | Note | Group | | Company | |
|-------------------------------------|------|-------------------|-------------------|---------------------|---------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | \$ | \$ | \$ | \$ |
| Equity | | | | | |
| Share capital | 15 | 33,035,508 | 33,035,508 | 33,035,508 | 33,035,508 |
| Other reserves | 16 | (278,439) | (406,043) | – | – |
| Accumulated losses | | (9,679,917) | (12,284,485) | (47,120,583) | (53,099,530) |
| Total equity | | 23,077,152 | 20,344,980 | (14,085,075) | (20,064,022) |
| Liabilities | | | | | |
| Loans and borrowings | 17 | 8,742,111 | 9,175,352 | – | – |
| Deferred grant income | 18 | 131,966 | – | – | – |
| Deferred tax liabilities | 7 | 1,000 | 1,000 | – | – |
| Non-current liabilities | | 8,875,077 | 9,176,352 | – | – |
| Loans and borrowings | 17 | 18,298,079 | 23,904,791 | – | – |
| Trade and other payables | 19 | 6,231,965 | 6,297,502 | 38,533,325 | 44,732,121 |
| Contract liabilities | 12 | 175,001 | 458,303 | – | – |
| Deferred grant income | 18 | 146,284 | – | – | – |
| Current tax liabilities | | 265,746 | 477,704 | – | 14,969 |
| Current liabilities | | 25,117,075 | 31,138,300 | 38,533,325 | 44,747,090 |
| Total liabilities | | 33,992,152 | 40,314,652 | 38,533,325 | 44,747,090 |
| Total equity and liabilities | | 57,069,304 | 60,659,632 | 24,448,250 | 24,683,068 |

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 June 2023

| | Note | Group | |
|---|------|--------------|--------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Revenue | 20 | 70,717,660 | 57,176,164 |
| Cost of sales | | (47,140,970) | (34,580,536) |
| Gross profit | | 23,576,690 | 22,595,628 |
| Other operating income | | 401,415 | 1,499,635 |
| Distribution expenses | | (1,580,572) | (1,572,417) |
| Administrative expenses | | (13,278,634) | (13,610,529) |
| Other operating expenses | | (4,478,166) | (4,329,058) |
| Results from operating activities | | 4,640,733 | 4,583,259 |
| Finance income | 21 | 32,316 | 3,675 |
| Finance costs | 21 | (1,210,267) | (915,392) |
| Net finance costs | | (1,177,951) | (911,717) |
| Share of results of equity-accounted investees (net of tax) | 6 | - | - |
| Profit before tax | 22 | 3,462,782 | 3,671,542 |
| Tax expense | 23 | (622,789) | (848,058) |
| Profit for the year | | 2,839,993 | 2,823,484 |
| Earnings per share | | | |
| Basic (cents) | 24 | 1.21 | 1.20 |
| Diluted (cents) | 24 | 1.21 | 1.20 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2023

| | Group | |
|--|-----------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Profit for the year | 2,839,993 | 2,823,484 |
| Items that are or may be reclassified subsequently to profit or loss: | | |
| Foreign currency translation differences, net of tax | 127,604 | (591,652) |
| Other comprehensive income for the year, net of tax | 127,604 | (591,652) |
| Total comprehensive income for the year | 2,967,597 | 2,231,832 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2023

| | Share capital \$ | Foreign currency translation reserve \$ | Accumulated losses \$ | Total equity \$ |
|--|------------------------|---|-----------------------------|-----------------------|
| Group | | | | |
| 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 |
| At 1 July 2022 | 33,035,508 | (406,043) | (12,284,485) | 20,344,980 |
| Total comprehensive income for the year | | | | |
| Profit for the year | – | – | 2,839,993 | 2,839,993 |
| Other comprehensive income | | | | |
| Foreign currency translation differences | – | 127,604 | – | 127,604 |
| Total comprehensive income for the year | – | 127,604 | 2,839,993 | 2,967,597 |
| Transactions with owners, recognised directly in equity | | | | |
| Contributions by and distributions to owners | | | | |
| Dividends declared (Note 25) | – | – | (235,425) | (235,425) |
| Total transactions with owners | – | – | (235,425) | (235,425) |
| At 30 June 2023 | 33,035,508 | (278,439) | (9,679,917) | 23,077,152 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2023

| | Group | | | Group | |
|--|-------------------|------------------|------|--------------------|--------------------|
| | 2023 | 2022 | Note | 2023 | 2022 |
| | \$ | \$ | | \$ | \$ |
| Cash flows from operating activities | | | | | |
| Profit before tax | 3,462,782 | 3,671,542 | | | |
| Adjustments for: | | | | | |
| Amortisation of deferred grant income | (160,590) | – | | | |
| Bad debts written off | 3,131 | 39,219 | | | |
| Depreciation of property, plant and equipment | 1,784,162 | 1,571,649 | | | |
| Fair value gain on derivatives | (38,285) | (166,892) | | | |
| Loss/(Gain) on disposal of property, plant and equipment | 12,383 | (1,311) | | | |
| Gain on disposal of an associate | – | (8,398) | | | |
| Gain from derecognition of leases | (10,139) | (922) | | | |
| Reversal of impairment on trade and other receivables and contract assets | (120,616) | (23,023) | | | |
| Net finance costs | 1,177,951 | 911,717 | | | |
| Operating cash flows before changes in working capital | 6,110,779 | 5,993,581 | | | |
| Changes in: | | | | | |
| - Inventories | 2,288,305 | (4,134,488) | | | |
| - Development property | 5,465,226 | (82,353) | | | |
| - Contract costs | 24,690 | 30,288 | | | |
| - Trade and other receivables | (264,075) | (987,628) | | | |
| - Contract assets | 36,540 | 280,245 | | | |
| - Trade and other payables | (11,323) | 398,859 | | | |
| - Contract liabilities | (283,240) | 268,861 | | | |
| Cash generated from operations | 13,366,902 | 1,767,365 | | | |
| Tax paid | (835,129) | (900,643) | | | |
| Net cash from operating activities | 12,531,773 | 866,722 | | | |
| Cash flows from investing activities | | | | | |
| Acquisition of property, plant and equipment | | | | (1,068,729) | (1,535,757) |
| Interest received | | | | 174 | 299 |
| Proceeds from disposal of an associate | | | | – | 84,380 |
| Proceeds from disposal of plant and equipment | | | | 21,888 | 29,612 |
| Receipt of deferred grant income | | | | 438,840 | – |
| Net cash used in investing activities | | | | (607,827) | (1,421,466) |
| Cash flows from financing activities | | | | | |
| Dividend paid to owners of the Company | | | 25 | (235,425) | – |
| Interest paid | | | | (1,210,267) | (941,235) |
| Payment of lease liabilities | | | | (826,747) | (750,710) |
| Proceeds from loans and borrowings | | | | 19,332,778 | 22,821,777 |
| Repayment of loans and borrowings | | | | (25,381,596) | (23,167,257) |
| Net cash used in financing activities | | | | (8,321,257) | (2,037,425) |
| Net increase/(decrease) in cash and cash equivalents | | | | 3,602,689 | (2,592,169) |
| Cash and cash equivalents at beginning of the year | | | | 4,536,280 | 6,981,664 |
| Effect of exchange rate fluctuations on cash held | | | | (23,396) | 146,785 |
| Cash and cash equivalents at end of the year | | | 13 | 8,115,573 | 4,536,280 |
| Significant non-cash transactions | | | | | |
| During the year, the additions of property, plant and equipment of \$2,221,130 (2022: \$3,961,219), comprise the following: | | | | | |
| <ul style="list-style-type: none"> acquisition of property, plant and equipment with an aggregate cost of \$1,068,729 (2022: \$3,337,835), of which \$Nil (2022: \$1,889,636) were financed by bank loan borrowings; and recognition of non-cash addition of right-of-use assets of \$1,152,401 (2022: \$535,826). | | | | | |

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

NOTES TO THE 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 26 September 2023.

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 2023 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.

2.4 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).

NOTES TO THE FINANCIAL STATEMENTS

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 29 – 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 2022:

- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

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)

New standards and amendments (continued)

The Group has adopted Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract* from 1 July 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group has analysed all contracts existing at 1 July 2022 and determined that none of them would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at 1 July 2022 as a result of 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(i) Business combinations (continued)

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.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(i) Business combinations (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(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.

(iii) *Loss of control*

When the Group loses control over a subsidiary, it derecognises 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.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(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.

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.

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

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.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost.

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

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets (continued)

Financial assets at amortised cost

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

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

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at 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;

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment (continued)

- 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.

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;

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)

- 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).

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

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

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

(iv) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(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.

(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.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

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

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

(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.

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 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.

3 Significant accounting policies (continued)

3.5 Inventories (continued)

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.

3.6 Development property

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 property) 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

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.

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.

3 Significant accounting policies (continued)

3.9 Leases (continued)

(i) As a lessee (continued)

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

The 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.9 Leases (continued)

(i) As a lessee (continued)

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.

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.

3 Significant accounting policies (continued)

3.9 Leases (continued)

(ii) As a lessor (continued)

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

The Group recognises 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.10 Impairment (continued)

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

Simplified approach

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

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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 than 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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)

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

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.

NOTES TO THE FINANCIAL STATEMENTS

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, amendments to standards and interpretations are not yet effective and have not been applied 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 Company's financial statements.

- SFRS(I) 17 Insurance Contracts, including amendments to Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 – *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8 – *Definition of Accounting Estimate*
- Amendments to SFRS(I) 1-12 Income Taxes – *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
- Amendments to SFRS(I) 1-12 – *International Tax Reform – Pillar Two Model Rules*
- Amendments to SFRS(I) 16 – *Lease Liability in a Sale and Leaseback*
- Amendments to SFRS(I) 1-7 and SFRS(I) 7 – *Supplier Finance Arrangements*
- Amendments to SFRS(I) 1-1 – *Classification of liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment

| | Freehold land and building | Leasehold buildings | Plant and machinery | Motor vehicles | Right-of-use assets (Note 27) | Total |
|---|-------------------------------|------------------------|------------------------|-------------------|-------------------------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Group | | | | | | |
| Cost | | | | | | |
| 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 |
| At 1 July 2022 | 7,019,290 | 5,485,513 | 6,920,275 | 986,395 | 5,020,069 | 25,431,542 |
| Reclassification | 226,527 | – | (226,527) | – | – | – |
| Additions | 252,575 | – | 767,880 | 48,274 | 1,152,401 | 2,221,130 |
| Disposals/Written off | – | – | (354,670) | (90,629) | (876,788) | (1,322,087) |
| Reclassification to asset held for sale | – | (768,381) | – | – | – | (768,381) |
| Effects of movements in exchange rates | (12,130) | – | (2,889) | (1,840) | 405 | (16,454) |
| At 30 June 2023 | 7,486,262 | 4,717,132 | 7,104,069 | 942,200 | 5,296,087 | 25,545,750 |

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (continued)

| | Freehold land and building | Leasehold buildings | Plant and machinery | Motor vehicles | Right-of-use assets (Note 27) | Total |
|---|-------------------------------|------------------------|------------------------|-------------------|-------------------------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Group | | | | | | |
| Accumulated depreciation and impairment loss | | | | | | |
| 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 |
| At 1 July 2022 | 462,926 | 2,937,199 | 5,566,872 | 649,495 | 1,105,698 | 10,722,190 |
| Reclassification | 3,662 | – | (3,662) | – | – | – |
| Depreciation | 146,455 | 82,584 | 621,522 | 118,131 | 815,470 | 1,784,162 |
| Disposals/Written off | – | – | (320,399) | (90,629) | (590,574) | (1,001,602) |
| Reclassification to asset held for sale | – | (199,370) | – | – | – | (199,370) |
| Effects of movements in exchange rates | 6,770 | – | (9,657) | (1,272) | 7,602 | 3,443 |
| At 30 June 2023 | 619,813 | 2,820,413 | 5,854,676 | 675,725 | 1,338,196 | 11,308,823 |
| Carrying amounts | | | | | | |
| At 1 July 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 |
| At 30 June 2023 | 6,866,449 | 1,896,719 | 1,249,393 | 266,475 | 3,957,891 | 14,236,927 |

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (continued)

| | Plant and equipment \$ | Motor vehicles \$ | Total \$ |
|---------------------------------|------------------------------|-------------------------|-------------|
| Company | | | |
| Cost | | | |
| At 1 July 2021 | 16,353 | 326,256 | 342,609 |
| Additions | 17,270 | – | 17,270 |
| At 30 June 2022 | 33,623 | 326,256 | 359,879 |
| Additions | 18,649 | – | 18,649 |
| Written off | (4,850) | – | (4,850) |
| At 30 June 2023 | 47,422 | 326,256 | 373,678 |
| Accumulated depreciation | | | |
| At 1 July 2021 | 11,470 | 27,188 | 38,658 |
| Depreciation | 6,242 | 65,251 | 71,493 |
| At 30 June 2022 | 17,712 | 92,439 | 110,151 |
| Depreciation | 9,443 | 65,252 | 74,695 |
| Written off | (4,850) | – | (4,850) |
| At 30 June 2023 | 22,305 | 157,691 | 179,996 |
| Carrying amounts | | | |
| At 1 July 2021 | 4,883 | 299,068 | 303,951 |
| At 30 June 2022 | 15,911 | 233,817 | 249,728 |
| At 30 June 2023 | 25,117 | 168,565 | 193,682 |

The freehold land and building and leasehold buildings are pledged as security for banking facilities (Note 17).

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

5 Investments in subsidiaries

| | Company | |
|----------------------------|--------------|--------------|
| | 2023 \$ | 2022 \$ |
| Equity investments at cost | 36,364,004 | 36,364,004 |
| Impairment loss | (20,494,969) | (20,179,998) |
| | 15,869,035 | 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, the Company recognised a net impairment loss of \$314,971 (2022: \$Nil) on its investments in a wholly-owned subsidiary, following a decline in its financial position. The recoverable amount of the subsidiary was estimated taking into consideration the fair values of the underlying assets and the liabilities of the company. The fair value measurement was categorised as a Level 3 in the fair value hierarchy based on the inputs in the valuation techniques used.

Impairment losses

The movements in impairment losses in respect of investments in subsidiaries during the year are as follows:

| | Company | |
|----------------------------|------------|------------|
| | 2023 \$ | 2022 \$ |
| At 1 January | 20,179,998 | 20,179,998 |
| Impairment loss recognised | 314,971 | – |
| At 31 December | 20,494,969 | 20,179,998 |

NOTES TO THE FINANCIAL STATEMENTS

5 Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

| Name of subsidiary | Principal activity | Principal place of business/ Country of incorporation | Ownership interest | |
|--|---|--|--------------------|------|
| | | | 2023 | 2022 |
| | | | % | % |
| 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 |
| 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 | |
|---|--|--|--------------------|------|
| | | | 2023 | 2022 |
| | | | % | % |
| 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 | 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 |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS

5 Investments in subsidiaries (continued)

| Name of subsidiary | Principal activity | Principal place of business/ Country of incorporation | Ownership interest | |
|--|--|--|--------------------|-----------|
| | | | 2023 % | 2022 % |
| Caseworks 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 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

5 Investments in subsidiaries (continued)

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 joint venture

| | Group | |
|---------------------------|------------|------------|
| | 2023 \$ | 2022 \$ |
| Interest in joint venture | - | - |

Details of the joint venture are as follows:

| Name of joint venture | Principal activities | Principal place of business/ Country of incorporation | Ownership interest | |
|-----------------------|---|--|--------------------|-----------|
| | | | 2023 % | 2022 % |
| Upon Design Pte. Ltd. | Building construction including major upgrading works | Singapore | 50 | 50 |

NOTES TO THE FINANCIAL STATEMENTS

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:

| | At 1 July 2021 | Recognised in profit or loss (Note 23) | Effects of movements in exchange rates | At 30 June 2022 | Recognised in profit or loss (Note 23) | Effects of movements in exchange rates | At 30 June 2023 |
|---------------------------------|----------------------|---|---|--------------------|---|---|-----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Group | | | | | | | |
| Deferred tax assets | | | | | | | |
| Trade and other receivables | 184,635 | 24,517 | – | 209,152 | – | – | 209,152 |
| Trade and other payables | – | 98,911 | – | 98,911 | 50,495 | (2,839) | 146,567 |
| Unutilised tax losses | 43,038 | (13,931) | 1,542 | 30,649 | (30,023) | (626) | – |
| | 227,673 | 109,497 | 1,542 | 338,712 | 20,472 | (3,465) | 355,719 |
| Deferred tax liabilities | | | | | | | |
| Property, plant and equipment | (101,419) | (2,786) | (2,844) | (107,049) | 4,094 | 2,175 | (100,780) |
| Total | 126,254 | 106,711 | (1,302) | 231,663 | 24,566 | (1,290) | 254,939 |

NOTES TO THE FINANCIAL STATEMENTS

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 | |
|--------------------------|----------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Deferred tax assets | 255,939 | 232,663 |
| Deferred tax liabilities | (1,000) | (1,000) |
| | <u>254,939</u> | <u>231,663</u> |

Unrecognised deferred tax liabilities

As at 30 June 2023, deferred tax liabilities of \$293,242 (2022: \$236,877) for temporary differences of \$977,472 (2022: \$789,590) 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 | |
|------------|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Tax losses | <u>5,464,158</u> | <u>5,635,241</u> |

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 | |
|---------------------------|-------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Goods held for resale | | |
| - At cost | 22,330,332 | 24,457,853 |
| - At net realisable value | 524,919 | 635,337 |
| | <u>22,855,251</u> | <u>25,093,190</u> |

Inventories are stated after allowance for inventory obsolescence.

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

| | Group | |
|--------------------------|----------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| At beginning of the year | 610,611 | 697,840 |
| Reversal | (48,938) | (87,229) |
| At end of the year | <u>561,673</u> | <u>610,611</u> |

In 2023, inventories and changes in finished goods included as cost of sales amounted to \$41,005,777 (2022: \$34,259,994).

NOTES TO THE FINANCIAL STATEMENTS

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 may materially affect 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 property

| | Group | |
|--------------------------------|-------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Completed development property | – | 5,465,226 |

Securities

At 30 June 2022, development property of the Group with carrying amounts of \$5,465,226 was pledged as security for banking facilities (see Note 17). At 30 June 2023, there is no development property of the Group that is pledged as security for bank facilities.

9 Development property (continued)

Measurement of realisable amounts of development property

Development property is measured at the lower of cost and net realisable value. The Group makes allowances for foreseeable losses on development property when the aggregate costs incurred on the development property exceed the net realisable value. Net realisable value of development property 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 property using the contracted selling price of the development property, less estimated cost of disposal. The said development property was sold in July 2022.

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 expensed when the related revenue is recognised. For the financial year ended 30 June 2023, contract costs of \$416,199 (2022: \$158,065) were expensed in the consolidated statement of profit or loss. There is no impairment loss in relation to such costs capitalised.

NOTES TO THE FINANCIAL STATEMENTS

11 Trade and other receivables

| | Group | | Company | |
|---|------------------|------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Trade receivables | 9,738,230 | 8,550,961 | – | – |
| Less: Impairment losses | (390,440) | (453,888) | – | – |
| | <u>9,347,790</u> | <u>8,097,073</u> | <u>–</u> | <u>–</u> |
| Other receivables and deposits | 472,550 | 824,490 | 7,468 | 7,468 |
| Amounts due from subsidiaries (non-trade) | – | – | 44,285,684 | 45,813,718 |
| Amounts due from joint venture (non-trade) | 108,341 | 108,341 | – | – |
| Amount due from a former director of a subsidiary | 449,591 | 747,449 | – | – |
| Derivative financial assets | 88,966 | 50,681 | – | – |
| | <u>1,119,448</u> | <u>1,730,961</u> | <u>44,293,152</u> | <u>45,821,186</u> |
| Less: Impairment losses | – | (107,851) | (36,018,304) | (37,679,632) |
| | <u>1,119,448</u> | <u>1,623,110</u> | <u>8,274,848</u> | <u>8,141,554</u> |

11 Trade and other receivables (continued)

| | Group | | Company | |
|--|-------------------|-------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Trade and other receivables excluding prepayments and advances to supplier | 10,467,238 | 9,720,183 | 8,274,848 | 8,141,554 |
| Prepayments and advances to suppliers | 563,891 | 836,552 | 39,646 | 23,482 |
| | <u>11,031,129</u> | <u>10,556,735</u> | <u>8,314,494</u> | <u>8,165,036</u> |
| Current | 10,806,451 | 10,056,463 | 8,314,494 | 8,165,036 |
| Non-current | 224,678 | 500,272 | – | – |
| | <u>11,031,129</u> | <u>10,556,735</u> | <u>8,314,494</u> | <u>8,165,036</u> |

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 29.

Derivative financial assets

| | Group | |
|--------------------|---------------|---------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Interest rate swap | <u>88,966</u> | <u>50,681</u> |

NOTES TO THE FINANCIAL STATEMENTS

12 Contract assets/(liabilities)

| | Group | |
|-------------------------|-----------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Contract assets | 2,910 | 39,449 |
| Less: Impairment losses | – | (551) |
| | 2,910 | 38,898 |
| Contract liabilities | (175,001) | (458,303) |

The Group's exposure to credit risk and impairment losses related to contract assets is disclosed in Note 29.

(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 | |
|--|----------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Contract assets reclassified to trade receivables that was included in the contract asset balance at the beginning of the year | (39,449) | (319,694) |
| Revenue recognised but not billed, excluding amounts reclassified to trade receivables during the year | 2,910 | 39,449 |
| Reversal of impairment loss | 551 | 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.

NOTES TO THE FINANCIAL STATEMENTS

12 Contract assets/(liabilities) (continued)

(b) Contract liabilities (continued)

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

| | Group | |
|---|-----------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | 458,303 | 188,974 |
| Increases due to cash received and billings issued, excluding amounts recognised as revenue during the year | (175,001) | (458,303) |

13 Cash and cash equivalents

| | Group | | Company | |
|---------------------------|-----------|-----------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Cash at banks and in hand | 8,115,573 | 4,536,280 | 71,039 | 84,298 |

14 Asset held for sale

On 13 February 2023, the Group granted an option to a third party for the sale of a leasehold building for a purchase consideration of \$760,000. The option to purchase was exercised and the disposal was completed on 17 July 2023.

| | 2023 |
|--------------------|---------|
| | \$ |
| Leasehold building | 569,011 |

15 Share capital

| | Company | | Company | |
|--|------------------|------------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | 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.

NOTES TO THE FINANCIAL STATEMENTS

15 Share capital (continued)

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.

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 | |
|--|-------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| All current and non-current loans and borrowings | 27,040,190 | 33,080,143 |
| Less: Cash and cash equivalents | (8,115,573) | (4,536,280) |
| Net debt | <u>18,924,617</u> | <u>28,543,863</u> |
| Total equity | <u>23,077,152</u> | <u>20,344,980</u> |
| Net debt-to-equity ratio | <u>82.0%</u> | <u>140.3%</u> |

15 Share capital (continued)

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.

16 Other reserves

| | Group | |
|--------------------------------------|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Foreign currency translation reserve | <u>(278,439)</u> | <u>(406,043)</u> |

Foreign currency translation reserve

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

17 Loans and borrowings

| | Group | |
|--------------------------|-------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Non-current: | | |
| Bank loans | 5,164,808 | 5,875,812 |
| Lease liabilities | 3,577,303 | 3,299,540 |
| | <u>8,742,111</u> | <u>9,175,352</u> |
| Current: | | |
| Bank loans | 11,518,226 | 15,511,651 |
| Lease liabilities | 558,800 | 803,877 |
| Trust receipts (secured) | 6,221,053 | 7,589,263 |
| | <u>18,298,079</u> | <u>23,904,791</u> |
| Total | <u>27,040,190</u> | <u>33,080,143</u> |

NOTES TO THE FINANCIAL STATEMENTS

17 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 | | | | | |
| 2023 | | | | | |
| Term loans U | SGD | 2.25% to 5.85% | 2025 to 2026 | 3,412,650 | 3,412,650 |
| Revolving credit facilities | SGD | 2.48% to 6.19% | 2024 | 9,000,000 | 9,000,000 |
| Property term loans H | SGD | 2.71% to 6.25% | 2023 | 397,756 | 397,756 |
| Property term loans I | EUR | 2.49% to 2.69% | 2026 to 2030 | 2,100,293 | 2,100,293 |
| Property term loans S | USD | 4.50% | 2026 | 1,772,335 | 1,772,335 |
| Lease liabilities | SGD | 2.69% to 4.99% | 2024 to 2053 | 6,431,134 | 3,745,979 |
| Lease liabilities | USD | 2.89% | 2025 | 192,288 | 190,067 |
| Lease liabilities | EUR | 6.00% | 2023 to 2026 | 217,746 | 191,821 |
| Lease liabilities | KRW | 3.48% | 2024 | 8,272 | 8,236 |
| Trust receipts | SGD | 3.49% to 7.49% | 2024 | 6,221,053 | 6,221,053 |
| | | | | <u>29,753,527</u> | <u>27,040,190</u> |

17 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 | | | | | |
| 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 loan | 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 |
| | | | | <u>35,843,676</u> | <u>33,080,143</u> |

NOTES TO THE FINANCIAL STATEMENTS

17 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 a corporate guarantee by the Company. In addition, revolving credit facilities amounting to \$9,500,000 are secured by a legal charge over a leasehold building of a subsidiary.
- Property development loan - The loan is covered by a corporate guarantee by the Company and secured by legal mortgages on the development property of a subsidiary, and sales proceeds from the development property.
- 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.
- 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.

17 Loans and borrowings (continued)

The Group has a secured bank loan with a carrying amount of S\$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 was classified as a current liability. Notwithstanding this, the subsidiary of the Company had obtained a waiver from the bank on 22 August 2022.

As at 30 June 2023, the subsidiary of the Company meet the financial covenant.

The Group's exposure to liquidity and interest rate risks related to loans and borrowings is disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

17 Loans and borrowings (continued)

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

| | Note | Liabilities | | | Total |
|--|------|-------------|-------------------|----------------|--------------|
| | | Bank loans | Lease liabilities | Trust receipts | |
| | | \$ | \$ | \$ | \$ |
| 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 | 21 | 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 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

| | Note | Liabilities | | | Total |
|--|------|-------------|-------------------|----------------|--------------|
| | | Bank loans | Lease liabilities | Trust receipts | |
| | | \$ | \$ | \$ | \$ |
| At 1 July 2022 | | 21,387,463 | 4,103,417 | 7,589,263 | 33,080,143 |
| Changes from financing cash flows | | | | | |
| Interest paid | | (663,252) | (198,709) | (348,306) | (1,210,267) |
| Payment of lease liabilities | | – | (826,747) | – | (826,747) |
| Proceeds from loans and borrowings | | 1,000,000 | – | 18,332,778 | 19,332,778 |
| Repayment of loans and borrowings | | (5,680,608) | – | (19,700,988) | (25,381,596) |
| Total changes from financing cash flows | | (5,343,860) | (1,025,456) | (1,716,516) | (8,085,832) |
| Effect of changes in foreign exchange rates | | (23,821) | 3,385 | – | (20,436) |
| Other changes | | | | | |
| Addition in lease liabilities | | – | 1,152,401 | – | 1,152,401 |
| Derecognition of leases | | – | (296,353) | – | (296,353) |
| Interest expense | 21 | 663,252 | 198,709 | 348,306 | 1,210,267 |
| Total other changes | | 663,252 | 1,054,757 | 348,306 | 2,066,315 |
| At 30 June 2023 | | 16,683,034 | 4,136,103 | 6,221,053 | 27,040,190 |

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred grant income

| | Group | |
|-------------|----------------|----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Current | 146,284 | – |
| Non-current | 131,966 | – |
| | <u>278,250</u> | <u>–</u> |

Government grant

The Group was awarded a government grant amounted to \$438,840 in 2023 on the acquisition of two computer applications. These computer applications have been in usage since July 2022 and the grant, recognised as deferred income, is being amortised over the useful life of the computer applications.

19 Trade and other payables

| | Group | | Company | |
|---|------------------|------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Trade payables | 3,598,545 | 3,757,922 | – | – |
| Other payables | 1,163,186 | 1,226,840 | 34,710 | 82,896 |
| Accrued expenses | 1,470,234 | 1,312,740 | 197,616 | 166,784 |
| Amounts due to subsidiaries (non-trade) | – | – | 38,300,999 | 44,482,441 |
| | <u>6,231,965</u> | <u>6,297,502</u> | <u>38,533,325</u> | <u>44,732,121</u> |

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 29.

20 Revenue

| | Group | |
|-----------------------------------|-------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Sale of goods | 63,718,891 | 55,803,741 |
| Revenue from property development | 5,701,000 | – |
| Provision of real estate services | 834,402 | 1,163,018 |
| Contract revenue | 463,367 | 209,405 |
| | <u>70,717,660</u> | <u>57,176,164</u> |

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. |

NOTES TO THE FINANCIAL STATEMENTS

20 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. |

20 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 | <p>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.</p> <p>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.</p> |
| 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. |

NOTES TO THE FINANCIAL STATEMENTS

20 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 | |
|---|-------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Timing of revenue recognition | | |
| Goods and services transferred at a point in time | | |
| - Sale of goods | 63,718,891 | 55,803,741 |
| - Revenue from property development | 5,701,000 | – |
| - Provision for real estate services | 834,402 | 1,163,018 |
| | <u>70,254,293</u> | <u>56,966,759</u> |
| Goods and services transferred over time | | |
| - Contract revenue | <u>463,367</u> | <u>209,405</u> |

The revenue from contracts with customers disaggregated by primary geographic markets, major products and service lines are disclosed in Note 28.

21 Finance income and finance costs

| | Group | |
|--|------------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Finance income: | | |
| Interest income on cash at bank | (174) | (299) |
| Imputed interest on interest-free receivables due from a former director of a subsidiary | (32,142) | (3,376) |
| | <u>(32,316)</u> | <u>(3,675)</u> |
| Finance costs: | | |
| Interest expense on loans and borrowings | 1,210,267 | 941,235 |
| Less: Interest expense capitalised in development property* | – | (25,843) |
| | <u>1,210,267</u> | <u>915,392</u> |
| Net finance costs | <u>1,177,951</u> | <u>911,717</u> |

* Relates to development property 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 Nil% (2022: 3.15%) per annum for development property.

NOTES TO THE FINANCIAL STATEMENTS

22 Profit before tax

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

| | Note | Group | |
|--|------|-------------------|-------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Audit fees paid to: | | | |
| - auditors of the Company | | 224,700 | 207,000 |
| - other auditors | | 131,436 | 143,080 |
| Bad debts written off | | 3,131 | 39,219 |
| Depreciation of property, plant and equipment | 4 | 1,784,162 | 1,571,649 |
| Fair value gain on derivatives | | (38,285) | (166,892) |
| Foreign exchange loss, net | | 320,095 | 368,701 |
| Gain from derecognition of leases | | (10,139) | (922) |
| Gain on disposal of an associate | | - | (8,398) |
| Loss/(Gain) on disposal of property, plant and equipment | | 12,383 | (1,311) |
| Grant income | | (245,566) | (82,143) |
| Other income arising from a settlement agreement | | - | (771,574) |
| Reversal of impairment loss on trade and other receivables and contract assets | 29 | (120,616) | (23,023) |
| Employee benefits expense | | | |
| Salaries, bonuses and other costs | | 10,770,662 | 10,478,445 |
| Contributions to defined contribution plans | | 587,599 | 610,878 |
| | | <u>11,358,261</u> | <u>11,089,323</u> |

23 Tax expense

| | Group | |
|---|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Current tax expense | | |
| Current year | 709,739 | 881,052 |
| (Over)/Under-provision for prior periods | (62,384) | 73,717 |
| | <u>647,355</u> | <u>954,769</u> |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | (24,566) | (106,711) |
| | <u>622,789</u> | <u>848,058</u> |
| Reconciliation of effective tax rate | | |
| Profit before tax | <u>3,462,782</u> | <u>3,671,542</u> |
| Tax using the Singapore tax rate of 17% (2022: 17%) | 588,673 | 624,162 |
| Effect of tax rates in foreign jurisdictions | 185,421 | 118,275 |
| Non-deductible expenses | 176,410 | 148,195 |
| Non-taxable income | (211,684) | (65,972) |
| Tax exempt income | (31,792) | (50,669) |
| Recognition of tax effect of previously unrecognised tax losses | (29,084) | 15,277 |
| Others | 7,229 | (14,927) |
| (Over)/Under-provision for prior periods | (62,384) | 73,717 |
| Total tax expense | <u>622,789</u> | <u>848,058</u> |

NOTES TO THE FINANCIAL STATEMENTS

24 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2023 was based on the profit attributable to ordinary shareholders of \$2,839,993 (2022: \$2,823,484), and a weighted-average number of ordinary shares outstanding of 235,424,614 (2022: 235,424,614).

Diluted earnings per share

There were no dilutive potential ordinary shares for the financial years ended 30 June 2023 and 2022.

25 Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

| | Group and Company | |
|--|-------------------|------|
| | 2023 | 2022 |
| | \$ | \$ |
| 0.1 Singapore cents per qualifying ordinary share (2022: Nil) | 235,425 | – |

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 2023.

25 Dividends (continued)

| | Group and Company | |
|---|-------------------|---------|
| | 2023 | 2022 |
| | \$ | \$ |
| 0.1 Singapore cents Singapore cents per qualifying ordinary share (2022: 0.1 Singapore cents) | 235,425 | 235,425 |

During the financial year ended 30 June 2023, the Company has profits after tax of \$6,214,372 (2022: \$2,062,808). The proposed dividends are declared out of the profits after tax of the Company for the financial year ended 30 June 2023.

26 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 | |
|---|-----------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Rental expenses paid to a related party | (288,000) | (290,176) |

The related party is a company in which a director of the Company is also a director and controlling shareholder of the related party.

NOTES TO THE FINANCIAL STATEMENTS

26 Related parties (continued)

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 | |
|---|-----------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Key management personnel compensation | | |
| Salaries and other short-term employee benefits | 2,319,748 | 2,372,973 |
| Post-employment benefits, including employer's contribution to Central Provident Fund | 59,775 | 61,073 |
| Fees to directors of the Company | 180,000 | 180,000 |
| | 2,559,523 | 2,614,046 |

Commitments and contingencies

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These bank borrowings amount to \$19,031,459 (2022: \$24,854,114) at the reporting date.

27 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.

27 Leases (continued)

Leases as lessee (SFRS(I) 16) (continued)

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.

Right-of-use assets

| | Leasehold land | Offices and warehouses | Motor vehicles | Plant and machinery | Total |
|--|-------------------|---------------------------|-------------------|------------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Group | | | | | |
| Cost | | | | | |
| At 1 July 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 |
| Additions | 72,125 | 927,579 | 152,697 | – | 1,152,401 |
| Written-off | – | (823,275) | (53,513) | – | (876,788) |
| Effects of movements in exchange rates | – | (3,611) | 4,016 | – | 405 |
| At 30 June 2023 | 3,114,183 | 1,482,941 | 256,831 | 442,132 | 5,296,087 |

NOTES TO THE FINANCIAL STATEMENTS

27 Leases (continued)

Right-of-use assets (continued)

| | Leasehold land | Offices and warehouses | Motor vehicles | Plant and machinery | Total |
|--|-------------------|---------------------------|-------------------|------------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Group | | | | | |
| Accumulated depreciation | | | | | |
| At 1 July 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 |
| Depreciation | 99,725 | 571,185 | 56,134 | 88,426 | 815,470 |
| Written-off | – | (548,851) | (41,723) | – | (590,574) |
| Effects of movements in exchange rates | – | 7,772 | (170) | – | 7,602 |
| At 30 June 2023 | 442,702 | 693,798 | 69,057 | 132,639 | 1,338,196 |
| Carrying amounts | | | | | |
| At 1 July 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 |
| At 30 June 2023 | 2,671,481 | 789,143 | 187,774 | 309,493 | 3,957,891 |

27 Leases (continued)

Amounts recognised in consolidated statement of profit or loss

| | 2023 | 2022 |
|--|---------|---------|
| | \$ | \$ |
| Leases under SFRS(I) 16 | | |
| Interest on lease liabilities | 198,709 | 193,272 |
| Expenses relating to short-term leases | 26,743 | 109,545 |

Amounts recognised in consolidated statement of cash flows

| | 2023 | 2022 |
|--------------------------------------|--------------------|------------------|
| | \$ | \$ |
| Interest paid | (198,709) | (193,272) |
| Payment of lease liabilities | (826,747) | (750,710) |
| Total cash outflow for leases | (1,025,456) | (943,982) |

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.

NOTES TO THE FINANCIAL STATEMENTS

28 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.

28 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 | | | | | |
| 2023 | | | | | |
| Revenue | 78,590,217 | 6,998,769 | 85,588,986 | – | 85,588,986 |
| Internal revenue | (14,871,326) | – | (14,871,326) | – | (14,871,326) |
| External revenue | 63,718,891 | 6,998,769 | 70,717,660 | – | 70,717,660 |
| Interest income | 32,316 | – | 32,316 | – | 32,316 |
| Interest expense | (1,201,881) | (8,386) | (1,210,267) | – | (1,210,267) |
| Depreciation | (1,691,130) | (18,338) | (1,709,468) | (74,694) | (1,784,162) |
| Reportable segment profit before tax | 4,134,213 | (136,234) | 3,997,979 | – | 3,997,979 |
| Other unallocated expenses | – | – | – | (535,197) | (535,197) |
| Consolidated profit before tax | | | | | <u>3,462,782</u> |
| Reportable segment assets | 56,172,340 | 585,129 | 56,757,469 | 311,835 | 57,069,304 |
| Capital expenditure | 2,142,087 | 48,919 | 2,191,006 | 18,650 | 2,209,656 |
| Reportable segment liabilities | 33,496,436 | 263,390 | 33,759,826 | 232,326 | <u>33,992,152</u> |

NOTES TO THE FINANCIAL STATEMENTS

28 Operating segments (continued)

Information about reportable segments (continued)

| | Marine & offshore | Property | Total for reportable segments | Unallocated | Total |
|--|----------------------|-----------|-------------------------------------|-------------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| Group | | | | | |
| 2023 | | | | | |
| Other material non-cash items | | | | | |
| Reversal of allowance for inventory obsolescence | (48,938) | – | (48,938) | – | (48,938) |
| Net reversal of impairment loss on trade and other receivables and contract assets | (3,673) | (116,943) | (120,616) | – | (120,616) |
| Bad debts written off | – | 3,131 | 3,131 | – | 3,131 |

28 Operating segments (continued)

Information about reportable segments (continued)

| | 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 |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS

28 Operating segments (continued)

Information about reportable segments (continued)

| | Marine & offshore \$ | Property \$ | Total for reportable segments \$ | Unallocated \$ | Total \$ |
|--|-------------------------|----------------|-------------------------------------|-------------------|-------------|
| Group | | | | | |
| 2022 | | | | | |
| 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 |

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.

28 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.

| | 2023 | | | 2022 | | |
|--------------------------|-------------------------|------------------|-------------------|-------------------------|------------------|-------------------|
| | Marine & offshore \$ | Property \$ | Total \$ | Marine & offshore \$ | Property \$ | Total \$ |
| Revenue | | | | | | |
| Singapore | 25,093,266 | 6,998,769 | 32,092,035 | 24,855,326 | 1,372,423 | 26,227,749 |
| Europe | 22,388,171 | – | 22,388,171 | 18,076,650 | – | 18,076,650 |
| South East Asia | 6,294,959 | – | 6,294,959 | 4,638,259 | – | 4,638,259 |
| United States of America | 3,635,698 | – | 3,635,698 | 2,998,920 | – | 2,998,920 |
| East Asia | 2,474,704 | – | 2,474,704 | 2,078,391 | – | 2,078,391 |
| Middle East | 1,305,363 | – | 1,305,363 | 1,351,480 | – | 1,351,480 |
| Other countries | 2,526,730 | – | 2,526,730 | 1,804,715 | – | 1,804,715 |
| Total revenue | 63,718,891 | 6,998,769 | 70,717,660 | 55,803,741 | 1,372,423 | 57,176,164 |

| | Group | |
|---------------------------|-------------------|-------------------|
| | 2023 \$ | 2022 \$ |
| Non-current assets | | |
| Singapore | 6,984,540 | 7,835,930 |
| Netherlands | 4,542,566 | 4,310,434 |
| United States of America | 3,181,803 | 3,236,843 |
| Other countries | 8,635 | 59,080 |
| | 14,717,544 | 15,442,287 |

NOTES TO THE FINANCIAL STATEMENTS

28 Operating segments (continued)

Non-current assets presented consist of property, plant and equipment, investment in 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 \$8,985,935 (2022: \$8,062,569) of the Group's total revenue.

29 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.
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.

29 Financial instruments: Information on financial risks (continued)

Financial risk management (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

29 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets (continued)

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 (2022: 30 to 90 days). However, some customers take a longer period to settle the amounts.

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 | |
|----------------------|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Marine & offshore | 9,290,236 | 8,069,390 |
| Property development | 60,464 | 66,581 |
| | <u>9,350,700</u> | <u>8,135,971</u> |

At the reporting date, the concentration to trade receivables by top 3 significant customers of the Group amount to \$866,805 (2022: \$912,219).

29 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 | |
|------------------------------------|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Contract assets | 2,910 | 39,449 |
| Trade receivables | 9,738,230 | 8,550,961 |
| Total gross carrying amount | <u>9,741,140</u> | <u>8,590,410</u> |
| Loss allowance | (390,440) | (454,439) |
| | <u>9,350,700</u> | <u>8,135,971</u> |

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.

NOTES TO THE FINANCIAL STATEMENTS

29 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 | | | | | |
| 2023 | | | | | |
| Contract assets | | | | | |
| - Not past due | 0.0 | 2,910 | - | - | - |
| Trade receivables | | | | | |
| - Not past due | 0.0 | 6,197,050 | - | - | - |
| - Past due 1 to 60 days | 0.3 | 2,686,701 | (8,646) | - | (8,646) |
| - Past due 61 to 90 days | 10.5 | 407,117 | (4,277) | (38,584) | (42,861) |
| - Past due over 90 days | 75.8 | 447,362 | (19,193) | (319,740) | (338,933) |
| | | <u>9,738,230</u> | <u>(32,116)</u> | <u>(358,324)</u> | <u>(390,440)</u> |

29 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets (continued)

Expected credit loss assessment for contract assets and trade receivables (continued)

| | 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) |
| | | <u>8,550,961</u> | <u>(32,117)</u> | <u>(421,771)</u> | <u>(453,888)</u> |

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 for Singapore.

NOTES TO THE FINANCIAL STATEMENTS

29 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

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.

| | Weighted average loss rate | Gross carrying amount | Impairment loss allowance |
|--|----------------------------------|-----------------------------|---------------------------------|
| | % | \$ | \$ |
| Group | | | |
| 2023 | | | |
| Other receivables and deposits, amounts due from joint venture (non-trade) and amounts due from a former director of a subsidiary | | | |
| - Not past due | 0.0 | <u>1,030,482</u> | - |
| 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 | <u>1,680,280</u> | <u>(107,851)</u> |

29 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 |
|---------------------------------------|----------------------------------|-----------------------------|---------------------------------|
| | % | \$ | \$ |
| Company | | | |
| 2023 | | | |
| Other receivables and deposits | | | |
| - Not past due | 0.0 | <u>7,468</u> | - |
| 2022 | | | |
| Other receivables and deposits | | | |
| - Not past due | 0.0 | <u>7,468</u> | - |

NOTES TO THE FINANCIAL STATEMENTS

29 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 \$35,832,762 (2022: \$37,494,956), 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 | | | | | |
| 2023 | | | | | |
| Amounts due from subsidiaries (non-trade) | | | | | |
| - Not past due | 81.3 | 44,285,684 | (185,542) | (35,832,762) | (36,018,304) |
| 2022 | | | | | |
| Amounts due from subsidiaries (non-trade) | | | | | |
| - Not past due | 82.2 | 45,813,718 | (184,676) | (37,494,956) | (37,679,632) |

29 Financial instruments: Information on financial risks (continued)

Credit risk on financial assets (continued)

Expected credit loss assessment for amounts due from subsidiaries (non-trade) (continued)

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

| | Group | | Company | |
|--|-----------|----------|-------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| At beginning of the year | 562,290 | 609,997 | 37,679,632 | 37,399,947 |
| Impairment loss recognised | – | 15,038 | – | 279,685 |
| Reversal of impairment loss | (120,616) | (38,061) | – | – |
| Amounts written off | (51,234) | (14,720) | (1,661,328) | – |
| Effects of movements in exchange rates | – | (9,964) | – | – |
| At end of the year | 390,440 | 562,290 | 36,018,304 | 37,679,632 |

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.

NOTES TO THE FINANCIAL STATEMENTS

29 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, the use of borrowing facilities and minimises liquidity risk by keeping committed credit lines available.

| | Group | |
|--|-------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Committed undrawn borrowing facilities | 2,657,483 | 1,744,574 |
| Uncommitted undrawn borrowing facilities | 9,578,947 | 3,760,737 |
| | <u>12,236,430</u> | <u>5,505,311</u> |

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.

29 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 | Total | Contractual cash flows | | |
|---|-------------------|---------------------|------------------------|--------------------|--------------------|
| | | | Less than 1 year | 1 – 5 years | Over 5 years |
| | \$ | \$ | \$ | \$ | \$ |
| Group | | | | | |
| 30 June 2023 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Bank loans | 16,683,034 | (17,604,192) | (12,106,315) | (4,794,838) | (703,039) |
| Lease liabilities | 4,136,103 | (6,849,440) | (732,869) | (1,657,949) | (4,458,622) |
| Trust receipts | 6,221,053 | (6,559,725) | (6,559,725) | – | – |
| Trade and other payables | 6,231,965 | (6,231,965) | (6,231,965) | – | – |
| | <u>33,272,155</u> | <u>(37,245,322)</u> | <u>(25,630,874)</u> | <u>(6,452,787)</u> | <u>(5,161,661)</u> |
| 30 June 2022 | | | | | |
| Non-derivative financial liabilities | | | | | |
| 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) | – | – |
| | <u>39,377,645</u> | <u>(43,205,844)</u> | <u>(30,936,824)</u> | <u>(6,334,422)</u> | <u>(5,934,598)</u> |

NOTES TO THE FINANCIAL STATEMENTS

29 Financial instruments: Information on financial risks (continued)

Liquidity risk (continued)

| | Carrying amount | Total | Contractual cash flows | | |
|---|-----------------|--------------|------------------------|-------------|--------------|
| | | | Less than 1 year | 1 – 5 years | Over 5 years |
| | \$ | \$ | \$ | \$ | \$ |
| Company | | | | | |
| Non-derivative financial liabilities | | | | | |
| 30 June 2023 | | | | | |
| Trade and other payables | 38,533,325 | (38,533,325) | (38,533,325) | – | – |
| 30 June 2022 | | | | | |
| Trade and other payables | 44,732,121 | (44,732,121) | (44,732,121) | – | – |

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.

29 Financial instruments: Information on financial risks (continued)

Liquidity risk (continued)

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 2023 | |
| Corporate guarantees in favour of subsidiaries | 19,031,459 |
| 30 June 2022 | |
| Corporate guarantees in favour of subsidiaries | 24,854,114 |

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.

NOTES TO THE FINANCIAL STATEMENTS

29 Financial instruments: Information on financial risks (continued)

Interest rate risk (continued)

Exposure to interest rate risk

The table below sets out the Group's and the Company's exposure to interest rate risks:

| | Group | | Company | |
|----------------------------------|---------------------|---------------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Fixed rate instruments | | | | |
| Loans and borrowings | (6,435,278) | (7,941,964) | – | – |
| Lease liabilities | (4,136,103) | (4,103,417) | – | – |
| | <u>(10,571,381)</u> | <u>(12,045,381)</u> | – | – |
| Variable rate instruments | | | | |
| Cash at banks | 8,105,842 | 4,530,197 | 71,036 | 84,274 |
| Loans and borrowings | (16,468,809) | (21,034,762) | – | – |
| Effect of interest rate swaps | 3,000,000 | 3,000,000 | – | – |
| | <u>(5,362,967)</u> | <u>(13,504,565)</u> | <u>71,036</u> | <u>84,274</u> |

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.

29 Financial instruments: Information on financial risks (continued)

Interest rate risk (continued)

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 | Profit before tax | Profit before tax |
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| | \$ | \$ | \$ | \$ |

30 June 2023

| | | | | |
|---------------------------|-----------------|---------------|------------|--------------|
| Variable rate instruments | <u>(53,630)</u> | <u>53,630</u> | <u>710</u> | <u>(710)</u> |
|---------------------------|-----------------|---------------|------------|--------------|

30 June 2022

| | | | | |
|---------------------------|------------------|----------------|------------|--------------|
| Variable rate instruments | <u>(135,046)</u> | <u>135,046</u> | <u>843</u> | <u>(843)</u> |
|---------------------------|------------------|----------------|------------|--------------|

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'). As at 30 June 2023, the Group's has no IBOR exposure.

NOTES TO THE FINANCIAL STATEMENTS

29 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.

29 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 2023 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 2,658,223 | 224,587 | – | – | 2,882,810 |
| Trade and other receivables | 2,528,542 | 11,896 | – | – | 2,540,438 |
| Total financial assets | 5,186,765 | 236,483 | – | – | 5,423,248 |
| Financial liabilities | | | | | |
| Trade and other payables | (2,080,511) | (176,119) | (411,366) | (11,905) | (2,679,901) |
| Loans and borrowings | (190,067) | – | – | – | (190,067) |
| Total financial liabilities | (2,270,578) | (176,119) | (411,366) | (11,905) | (2,869,968) |
| Net financial assets/ (liabilities) at end of the year | 2,916,187 | 60,364 | (411,366) | (11,905) | 2,553,280 |

NOTES TO THE FINANCIAL STATEMENTS

29 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 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) |

The Company's exposure to foreign currency risk is not significant.

29 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 | 10% weakening |
| | \$ | \$ |
| 30 June 2023 | | |
| USD | (291,619) | 291,619 |
| EUR | (6,036) | 6,036 |
| GBP | 41,137 | (41,137) |
| 30 June 2022 | | |
| USD | 73,973 | (73,973) |
| EUR | (1,135) | 1,135 |
| GBP | 19,347 | (19,347) |

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.

NOTES TO THE FINANCIAL STATEMENTS

29 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 2023 | | | | | |
| Financial assets not measured at fair value | | | | | |
| Trade and other receivables* | 10,378,272 | – | – | 10,378,272 | |
| Cash and cash equivalents | 8,115,573 | – | – | 8,115,573 | |
| | <u>18,493,845</u> | <u>–</u> | <u>–</u> | <u>18,493,845</u> | |
| Financial asset measured at fair value | | | | | |
| Derivatives financial assets | – | 88,966 | – | 88,966 | 88,966 |
| | <u>–</u> | <u>88,966</u> | <u>–</u> | <u>88,966</u> | <u>88,966</u> |
| Financial liabilities not measured at fair value | | | | | |
| Fixed rate loans | – | – | (6,435,278) | (6,435,278) | (6,206,176) |
| Lease liabilities | – | – | (4,136,103) | (4,136,103) | |
| Other loans and borrowings | – | – | (16,468,809) | (16,468,809) | |
| Trade and other payables | – | – | (6,231,965) | (6,231,965) | |
| | <u>–</u> | <u>–</u> | <u>(33,272,155)</u> | <u>(33,272,155)</u> | |

* Excludes prepayments and advances to suppliers and derivative financial assets

29 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 | |
| | <u>14,205,782</u> | <u>–</u> | <u>–</u> | <u>14,205,782</u> | |
| Financial asset measured at fair value | | | | | |
| Derivatives financial assets | – | 50,681 | – | 50,681 | 50,681 |
| | <u>–</u> | <u>50,681</u> | <u>–</u> | <u>50,681</u> | <u>50,681</u> |
| 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) | |
| | <u>–</u> | <u>–</u> | <u>(39,377,645)</u> | <u>(39,377,645)</u> | |

* Excludes prepayments and advances to suppliers and derivative financial assets

NOTES TO THE FINANCIAL STATEMENTS

29 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 2023 | | | | | |
| Financial assets not measured at fair value | | | | | |
| Trade and other receivables* | 8,274,848 | – | – | 8,274,848 | |
| Cash and cash equivalents | 71,039 | – | – | 71,039 | |
| | <u>8,345,887</u> | <u>–</u> | <u>–</u> | <u>8,345,887</u> | |
| Financial liabilities not measured at fair value | | | | | |
| Trade and other payables | – | – | (38,533,325) | (38,533,325) | |
| 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 | |
| | <u>8,225,852</u> | <u>–</u> | <u>–</u> | <u>8,225,852</u> | |
| Financial liabilities not measured at fair value | | | | | |
| Trade and other payables | – | – | (44,732,121) | (44,732,121) | |

* Excludes prepayments and advances to suppliers and derivative financial assets

29 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 a 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 4.50% to 6.91% (2022: 4.22% to 6.04%). |

NOTES TO THE FINANCIAL STATEMENTS

30 Commitments

The Group has the following commitments as at the reporting date:

| | Group | |
|--|--------|--------|
| | 2023 | 2022 |
| | \$ | \$ |
| Renovation expenditure contracted for renovation projects but not provided for in the financial statements | 41,460 | 23,820 |

31 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.

31 Performance Share Plan (continued)

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 21 SEPTEMBER 2023

SHARE CAPITAL

| | |
|---|--------------------|
| Issued and fully paid capital | – S\$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⁾⁽³⁾ | 17,669,702 | 7.51 | - | - |
| Ong Chuey Geok ⁽²⁾⁽³⁾ | 17,669,702 | 7.51 | - | - |

Note:

(1) Lim See Hoe, Lim Siew Cheng and Lim Siew Choo are siblings.

(2) Lin Yusheng is the daughter of Ong Chuey Geok.

(3) Lim See Heng, the late spouse of Ong Chuey Geok and the late father of Lin Yusheng, was siblings with Lim See Hoe, Lim Siew Cheng and Lim Siew Choo.

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 | Toh Ong Tiam | 3,721,600 | 1.58 |
| 9 | Koh Poh Seng | 3,028,747 | 1.29 |
| 10 | Law Yean Muay | 2,740,700 | 1.16 |
| 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 | 1,498,429 | 0.64 |
| 14 | Phua Sian Chin | 1,400,000 | 0.59 |
| 15 | Chan Wai Leong | 1,160,217 | 0.49 |
| 16 | Philip Securities Pte Ltd | 1,138,089 | 0.48 |
| 17 | DBS Nominees (Private) Limited | 1,111,532 | 0.47 |
| 18 | Ang Hao Yao (Hong HaoYao) | 1,100,800 | 0.47 |
| 19 | Goh Leng Heng | 1,072,889 | 0.46 |
| 20 | Tan Wah Yong | 909,465 | 0.39 |
| TOTAL | | 212,730,515 | 90.38 |

SHAREHOLDINGS STATISTICS

AS AT 21 SEPTEMBER 2023

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | Number of Shareholders | % | Number of Shares | % |
|-----------------------|------------------------|---------------|--------------------|---------------|
| 1 - 99 | 39 | 10.00 | 2,267 | 0.00 |
| 100 - 1,000 | 13 | 3.33 | 4,044 | 0.00 |
| 1,001 - 10,000 | 73 | 18.72 | 274,925 | 0.12 |
| 10,001 - 1,000,000 | 246 | 63.08 | 23,322,328 | 9.91 |
| 1,000,001 and above | 19 | 4.87 | 211,821,050 | 89.97 |
| TOTAL | 390 | 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 21 September 2023 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 at Carlton Hotel Singapore, Empress Ballroom 4, 76 Bras Basah Road, Singapore 189558 on Friday, 27 October 2023 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 2023 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 cents per ordinary share for the financial year ended 30 June 2023. **(Resolution 2)**
3. To approve the payment of Directors’ fees of \$160,000 for the financial year ending 30 June 2024, to be paid quarterly in arrears (FY2023: \$180,000). **(Resolution 3)**
4. To re-elect Ms Lim Siew Cheng, a Director retiring pursuant to Regulation 107 of the Company’s Constitution. **(Resolution 4)**
(See explanatory note 1)
5. To re-elect Mr Chua Kim Leng, a Director retiring pursuant to Regulation 107 of the Company’s Constitution. **(Resolution 5)**
(See explanatory note 2)
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,

NOTICE OF ANNUAL GENERAL MEETING

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 shareholders 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)

NOTICE OF ANNUAL GENERAL MEETING

- 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
12 October 2023

Explanatory Notes:

- Ms Lim Siew Cheng will, upon re-election as a Director, remain as the Executive Director and Chief Operating 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.
- Mr Chua Kim Leng will, upon re-election as a Director, remain as the Chairman of the Nominating Committee and a member of the Audit and Risk Committee and Remuneration Committee of the Company. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. 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.
- 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 shareholders of the Company.

Notes:

The shareholders of the Company are invited to **attend physically** at the AGM. There will be no option for shareholders to participate virtually.

Documents

This notice of AGM and the accompanying Annual Report 2023 and Proxy Form have been made available to shareholders by electronic means via publication 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>.

Shareholders who wish to request for a printed copy of the Annual Report 2023 may do so by completing and returning the Request Form which is sent to them, by Sunday, 22 October 2023:

- by post to the Company's registered office at 1 Commonwealth Lane, #09-23 One Commonwealth, Singapore 149544; or
- via email to ir@teho.com.sg.

Submission of written questions in advance of the AGM

- Shareholders may submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM to the Company, in advance of the AGM, in the following manner:
 - by post to the Company's registered office at 1 Commonwealth Lane, #09-23 One Commonwealth, Singapore 149544; or
 - via email to ir@teho.com.sg.

All questions submitted in advance of the AGM via any of the above channels must be received by 3.00 p.m. on 19 October 2023 (being at least seven (7) calendar days after the date of this notice of AGM).

Shareholders, including SRS investors, who wish to submit their questions by post or by email are required to indicate their full names (for individuals)/ company names (for corporates), NRIC/passport/company registration numbers, contact numbers, shareholding types and number of Shares held

NOTICE OF ANNUAL GENERAL MEETING

together with their submission of questions, to the email address or office address provided. Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), excluding SRS investors, should contact their respective relevant intermediaries to submit their questions based on the abovementioned instructions.

- (ii) The Company will endeavour to address all substantial and relevant questions received from shareholders prior to the AGM soonest possible and in any case, by 3.00 pm on 22 October 2023, being not later than 48 hours before the closing date and time for the lodgement of Proxy Forms. The responses to questions from shareholders will be posted on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://investor.teho.com.sg>. If substantial and relevant written questions are submitted after the abovementioned cut-off time, they will be addressed during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. The minutes of the AGM will be published on the SGXNET and the Company's website within one (1) month after the date of the AGM.

Voting

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

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

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

- (ii) A proxy need not be a shareholder of the Company. The Chairman of the AGM, as proxy, need not be a shareholder of the Company.
- (iii) Shareholders 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:
 - (a) by post to the Company's registered office at 1 Commonwealth Lane, #09-23 One Commonwealth, Singapore 149544; or
 - (b) via email to ir@teho.com.sg,

in each case, by 3.00 p.m. on 24 October 2023 (being not less than 72 hours before the time appointed for holding the AGM).

- (iv) 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.
- (v) Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including SRS Investors, who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include SRS operators) through which they hold such Shares in order to submit their voting instructions at least seven working days before the AGM in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf.
- (vi) 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

NOTICE OF ANNUAL GENERAL MEETING

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 shareholder, 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.

- (vii) 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.

Personal Data Privacy:

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, or (b) submitting any question prior to or during the AGM in accordance with this notice, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes of meeting and other documents relating to the AGM of the Company (including any adjournment thereof), addressing relevant and substantial questions from shareholders received before and during the AGM and if necessary, following up with the relevant shareholders in relation to such questions, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); and (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the

Purposes. Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a shareholder of the Company (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

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 Ms Audrey Mok (Tel: (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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 shareholder/shareholders* of **TEHO INTERNATIONAL INC LTD.** (the "**Company**") hereby appoint:

| Name | NRIC/Passport Number | Proportion of Shareholding | |
|---------|----------------------|----------------------------|---|
| | | Number of Shares | % |
| Address | | | |

and/or (delete as appropriate)

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

or 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 at Carlton Hotel Singapore, Empress Ballroom 4, 76 Bras Basah Road, Singapore 189558 on Friday, 27 October 2023 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

- SRS Investors:
 - may vote at the AGM in person 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
 - 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,
- 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** | AGAINST** | ABSTAIN** |
| ORDINARY BUSINESS | | | | |
| 1. | To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2023 together with the Independent Auditor's Report thereon | | | |
| 2. | To declare a first and final dividend of 0.10 Singapore cents per ordinary share for the financial year ended 30 June 2023 | | | |
| 3. | To approve the payment of Directors' fees of \$160,000 for the financial year ending 30 June 2024, to be paid quarterly in arrears | | | |
| 4. | To re-elect Ms Lim Siew Cheng as a Director of the Company | | | |
| 5. | To re-elect Mr Chua Kim Leng 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 | | | |

* Delete where inapplicable.

** If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate with a tick [✓] within the boxes provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2023

| Total Number of Shares in | Number of Shares |
|---------------------------|------------------|
| (a) Depository Register | |
| (b) Register of Members | |

Signature(s) and/or Common Seal of Shareholder(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. If the shareholder has shares entered against his name in the Depository Register, he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members, he should insert that number of shares. If the shareholder has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the shareholder.
2. (a) A shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the AGM. Where such shareholder appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this Proxy Form. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named; and
(b) A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than one (1) proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this Proxy Form.

“Relevant intermediary” shall have the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

3. A proxy need not be a shareholder of the Company.
4. 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 24 October 2023 (being not less than 72 hours before the time appointed for holding the AGM).

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

6. This Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
7. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.
8. A corporation which is a shareholder may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act 1967 of Singapore.
9. Persons who hold Shares through relevant intermediaries, including SRS Investors, who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include SRS operators) through which they hold such Shares at least seven working days before the AGM (i.e. by 3.00p.m. on Wednesday, 18 October 2023) to submit their voting instructions, in order to allow sufficient time for their respective relevant intermediaries to in turn submit this Proxy Form to appoint the Chairman of the AGM to vote on their behalf.
10. The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form (including any related attachment). In addition, in the case of a shareholder whose shares are entered in the Depository Register, the Company may reject any Proxy Form lodged if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this Proxy Form, the shareholder is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 12 October 2023.



TEHO INTERNATIONAL INC LTD.
Registration number 200811433K
1 Commonwealth Lane
#09-23 One Commonwealth
Singapore 149544