



SIN HENG
HEAVY MACHINERY LIMITED



2023 ANNUAL
REPORT

新興重型機械有限公司



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SIN HENG

CORPORATE PROFILE

Established in 1969, the home-grown Sin Heng Group has grown into the leading heavy lifting service provider of today, occupying the mid-to-high lifting capacity segment in Singapore. Over the years, Sin Heng Group has participated in many major infrastructure and geotechnic projects in Singapore and established ourselves as a heavy lifting specialist with a proven track record.

Sin Heng's five decades of lifting experience and expertise, together with a comprehensive fleet of cranes and aerial lifts, allows us to actively contribute in the development of Singapore as it provides reliability and assurance to all past and future partners of the Group.

The Group has presence in the ASEAN region to provide convenience and better serve our overseas customers. Sin Heng's overseas operations are fully equipped with professional maintenance service teams trained with the support of our equipment manufacturers.

Sin Heng Heavy Machinery Limited has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since February 2010.

OUR BUSINESS

Sin Heng Group's core business divisions are complementary in nature, as our Equipment Rental Business involves the rental of cranes and aerial lifts; while our Trading Business involves the trading of both new and used cranes and aerial lifts. The Group also undertakes the sales and distribution of spare parts for the cranes and aerial lifts that we deal in as part of our commitment to customers.

The Group has an extensive global network of suppliers which it sources lifting equipment, including directly from equipment manufacturers such as Kobelco and Kato; and various end-users, equipment rental companies and trading houses to fulfill all customer needs.

Other than Singapore, Sin Heng Group also has an active regional footprint in Malaysia and Indonesia. The Group is also constantly on the lookout to expand its reach to new geographic regions with promising business prospects.

OUR PROFESSIONALISM

Sin Heng's broad technical expertise and excellent after-sales services has enabled the Group to earn a reputation for consistently delivering operational, service and safety excellence to customers. The Group is committed to provide safe, high quality and reliable lifting services to customers across Asia through our team of well-trained equipment operators and mechanics to meet the exacting demands and requirements of customers in the most professional manner.

OUR DISTRIBUTORSHIPS

As validation of our commitment to reliability, Sin Heng Heavy Machinery Limited is the authorised regional distributor for cranes and parts of Kobelco (Japanese crawler crane specialist) and Kato (Japanese hydraulic cranes specialist).

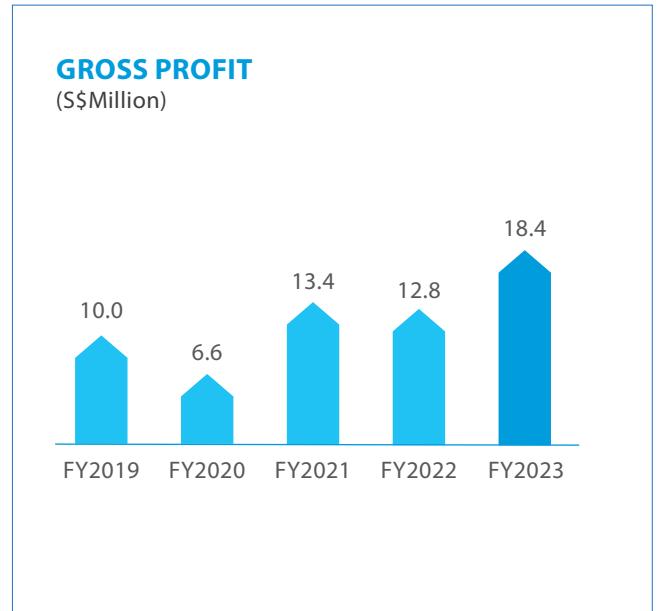
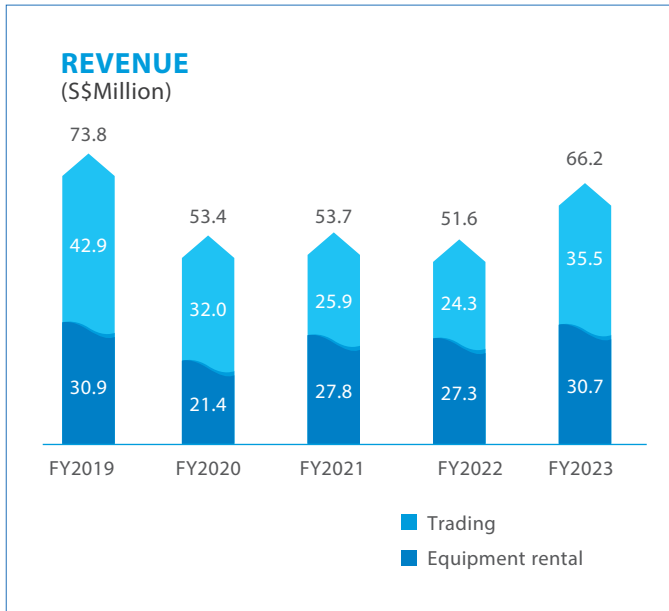




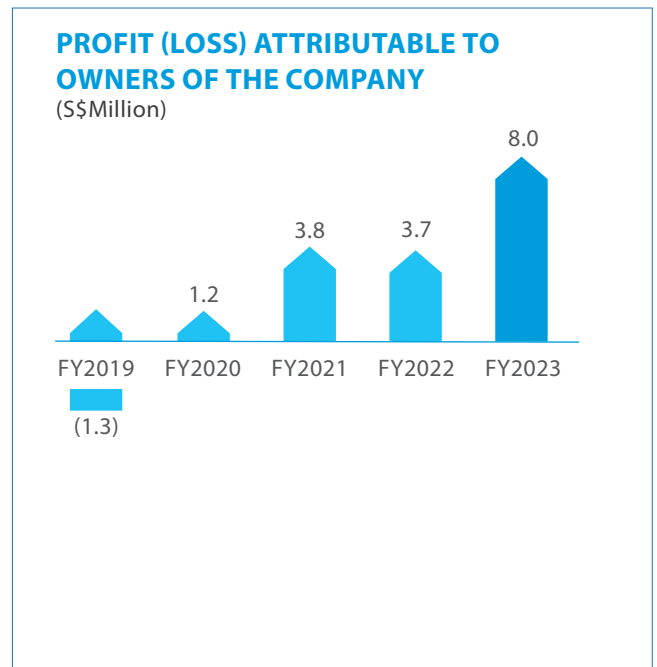




FINANCIAL HIGHLIGHTS



	2019	2020	2021	2022	2023
Equipment Rental Fleet					
Aggregate crane lifting capacity (tons)	15,294	12,444	11,399	11,624	9,369
Average crane lifting capacity (tons)	112	101	99	99	119
Cranes (units)	137	123	115	117	79
Lifts (units)	182	175	192	256	386



FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE SUMMARY

(S\$'000)	FY2019	FY2020	FY2021	FY2022	FY2023
Statement of Profit or Loss					
Total revenue	73,790	53,357	53,730	51,570	66,230
– Trading	42,899	32,019	25,908	24,269	35,518
– Equipment rental	30,891	21,338	27,822	27,301	30,712
Gross profit	10,043	6,563	13,390	12,839	18,432
– Trading	4,831	4,159	5,393	4,993	8,469
– Equipment rental	5,212	2,404	7,997	7,846	9,963
Depreciation of property, plant and equipment	10,662	8,093	7,535	6,825	6,452
Profit/(loss) before income tax	(2,019)	756	4,818	4,395	9,774
Profit/(loss) for the year attributable to owners of the Company	(1,279)	1,196	3,766	3,651	7,995
Statement of Cash Flows					
Cash flows from/(used in) operating activities	19,651	14,060	26,984	(8,156)	10,722
Statement of Financial Position					
Total assets	134,630	127,445	124,109	125,696	127,830
– Crane and lifts	69,582	56,397	51,557	56,968	54,693
Total liabilities	23,175	14,976	15,308	20,956	21,627
Total equity	111,455	112,469	108,801	104,740	106,203
No. of shares issued (thousand)	114,889	114,889	114,889	114,889	114,889
No. of shares held as treasury shares (thousand)	876	876	1,476	1,476	5,166
Financial Indicators					
Revenue growth	(14.9%)	(27.7%)	0.7%	(4.0%)	28.4%
Gross profit margin	13.6%	12.3%	24.9%	24.9%	27.8%
Net asset value per ordinary share (dollars)	0.98	0.99	0.96	0.92	0.97
Based on profit/(loss) attributable to owners of the Company					
Net profit margin	(1.7%)	2.2%	7.0%	7.1%	12.1%
Return on equity	(1.1%)	1.1%	3.5%	3.5%	7.5%
Basic earnings/(loss) per share (cents)	(1.12)	1.05	3.31	3.22	7.12

OUR GLOBAL NETWORK





EUROPE

MIDDLE EAST

SOUTH AFRICA

INDIA

MYANMAR

THAILAND

VIETNAM

MALAYSIA

SINGAPORE (HQ)

TAIWAN

SOUTH KOREA

JAPAN

BRUNEI

INDONESIA

AUSTRALIA

NEW ZEALAND

MESSAGE TO SHAREHOLDERS



Tan Ah Lye
Executive Director & CEO

Earnings per share

7.12¢

FY2022: 3.22¢

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present to you the annual report of Sin Heng Heavy Machinery Limited and its subsidiaries (the "Group"), for the financial year ended 31 December 2023 ("FY2023").

Year in Review

In FY2023, the Group has recorded total revenue of S\$66.2 million and gross profit of S\$18.4 million, presenting a year-on-year increase of 28.4% and 43.6% respectively. Profit for the year was S\$8.0 million, an increase of 119.0% as compared to FY2022. The significantly higher profit was due to the increase from both the trading and equipment rental businesses, as well as gain on sale of property, plant and equipment, and higher interest income earned in FY2023.

Despite the challenging construction environment, the improved performance demonstrates the Group's commitment, resilience and adaptability in navigating through such adversities.

For the Malaysian operation, the Group had proactively streamlined the rental business. Accordingly, we have rationalised and recycled our rental assets to be redirected towards the trading business. Additionally, the Group has also disposed one of its properties in Shah Alam Selangor, Malaysia. With the completion of the sale and realisation of the value of the property in December 2023, the Group has improved its liquidity and enhanced its working capital to prepare the Group for future investment opportunities.

On other matters, the Group has installed solar panels on one of the rooftops of the office premise, and the construction of a new workshop facility at 26 Gul Road, Singapore 629346 has been completed, with the temporary occupation permit granted by Building and Construction Authority (BCA) on 7 February 2024. This marks a significant milestone for the Group in conjunction to its extension of a 20-year lease from JTC Corporation.

Outlook

In the most recent media release by BCA dated 15 January 2024, it forecasted that the construction demand in Singapore for 2024 is anticipated to be in the range of S\$32 billion to S\$38 billion, surpassing the figures recorded in 2023. The public sector is expected to play a significant role, contributing approximately 60 percent to the total construction demand, amounting to a range of S\$18 billion to S\$21 billion. In FY2024, BCA expected the additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 (T5) and Tuas Port developments and other major road enhancement and drainage improvement works will further drive the construction demand. Accordingly, this appears to present a favourable opportunity for the Group to capitalise its strengths in the Singapore operation.

In respect to the business operating environment in Malaysia, the Group remains cautious on its outlook and will be strategically shifting its focus towards to the trading business.

MESSAGE TO SHAREHOLDERS



Leong Wing Kong
Independent Chairman

Dividend per share

5.0¢

FY2022: 3.5¢

The Group continues to face challenges such as inflationary cost pressure, manpower crunch, foreign exchange volatility, and uncertainties resulting from the increasingly tense geopolitical landscape. In view of these challenges, the Group strives to remain vigilant and committed to closely monitor the market and economic conditions. While the Group intends to grow the business organically, it will continue to explore new business opportunities when presented.

Dividend

In view of the Group's strong performance and better profitability in FY2023, the Board of Directors is pleased to propose a dividend of 5.0 Singapore cents per ordinary share as an appreciation to our supportive shareholders. The proposed dividend comprises a first and final dividend of 1.0 Singapore cents and a special dividend of 4.0 Singapore cents respectively, totalling S\$5.5 million, and approximately 68.6% of net profit of the Group for FY2023. The dividend payment is subject to shareholders' approval at the forthcoming Annual General Meeting.

Acknowledgement and Appreciation

On behalf of the Board and Management, we would like to thank all members of the Sin Heng Group for their dedication, perseverance, and fortitude in the past year. Your collective endeavours have been instrumental in Sin Heng's current success, and by persisting in our teamwork, we can achieve even greater accomplishments together.

In closing, we would like to extend our sincere appreciation and gratitude to our valued customers, suppliers, and business associates for their continued support and confidence in us. We remain committed to enhancing and delivering sustainable, positive values to all our stakeholders.

Leong Wing Kong
Independent Chairman

Tan Ah Lye
Executive Director & CEO



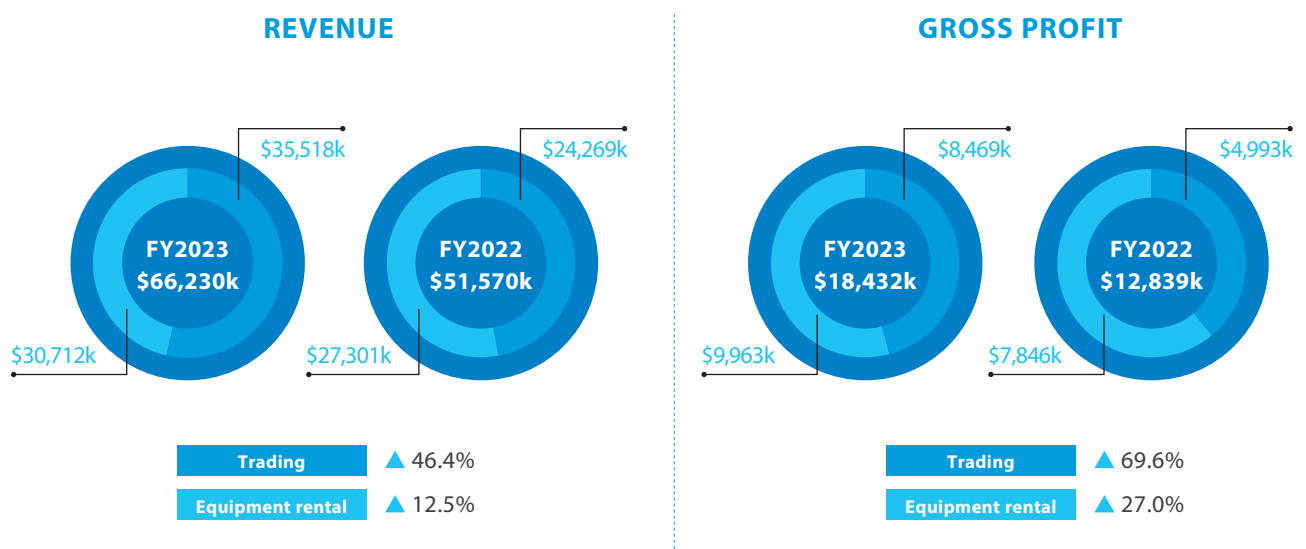
OPERATIONS REVIEW

Despite the unpredictable and challenging business landscape, which include factors like intensifying geopolitical tensions and rising inflation, the Group managed to improved our performance for FY2023, which was lifted by higher revenue and profitability from both the Trading business and Rental business.

As at 31 December 2023, the Group had a total fleet size of 465 units of cranes and aerial lifts, compared to a total fleet size of 373 units of cranes and aerial lifts as at 31 December 2022. The Group continues to update and rationalise our rental fleet to capture the market demand.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2023, the Group has recorded revenue of \$66.2 million (2022: \$51.6 million) and a net profit of \$8.0 million (2022: \$3.7 million) while earnings per share was 7.12 cents (2022: 3.22 cents).



Revenue ▲ 28.4% from \$51,570k

\$66,230k

Gross Profit ▲ 43.6% from \$12,839k

\$18,432k

Net Profit ▲ 119.0% from \$3,651k

\$7,995k

The Group's reported revenue and gross profit in FY2023 had increased compared to FY2022, mainly due to the increase level of activity in the Singapore operation as a result of the higher market demand. Gross profit margin for both business segments have also improved from FY2022 to FY2023.

Trading segment revenue and gross profit had increased, mainly due to the increase in the number of cranes sold by the Malaysia entity, as a result of streamlining the equipment rental business in Malaysia during the year.

Equipment rental segment revenue and segment gross profit had increased, mainly due to improved contributions from the Singapore's operations.

OPERATIONS REVIEW

PROFIT OR LOSS

	FY2023 \$'000	FY2022 \$'000	change %
Other operating income	2,979	1,443	▲ 106.4%
Selling expenses	(396)	(477)	▼ 17.0%
Administrative expenses	(10,473)	(9,290)	▲ 12.7%
Other operating expenses	(384)	(125)	▲ 207.2%
Finance costs	(183)	(64)	▲ 185.9%

Other operating income increased by 106.4% in FY2023, mainly due to the gain on disposal of property, plant and equipment and higher interest income earned during the year.

Selling expenses decreased by 17.0% in FY2023, mainly due to improved efficiency in sales process and streamlined operations, which have reduced the overall cost of selling.

Administrative expenses increased by 12.7% in FY2023, mainly due to increase in directors and staff related expenses and higher professional fees.

Other operating expenses increased by 207.2% in FY2023, mainly due to write off of property, plant and equipment and bad debts.

Finance costs increased by 185.9% in FY2023, mainly due to obtaining of additional hire purchase financing for the purchase of new cranes.



FINANCIAL POSITION

(\$'000)	FY2023	FY2022	Variance
Total Assets	127,830	125,696	2,134
– Current assets	61,601	57,759	3,842
– Non-current assets	66,229	67,937	(1,708)
Total Liabilities	21,627	20,956	671
– Current liabilities	9,957	7,661	2,296
– Non-current liabilities	11,670	13,295	(1,625)
Total Equity	106,203	104,740	1,463

Current assets as at 31 December 2023 had increased mainly due to increase in cash and bank balances and trade receivables, which was partially offset by decrease in other receivables and inventories and disposal of financial assets at fair value through profit or loss.

Non-current assets as at 31 December 2023 had decreased mainly due to decrease in property, plant and equipment, partially offset by an investment in financial assets at fair value through other comprehensive income (FVOCI).

Current liabilities as at 31 December 2023 had increased mainly due to increase in other payables, income tax payable and drawdown of new lease liabilities (hire purchase), offset by a decrease in bills payable.

Non-current liabilities as at 31 December 2023 had decreased mainly due to reversal of deferred tax liabilities.

As at 31 December 2023, total equity increased by \$1.5 million compared to prior year due to fair value gain on financial assets at FVOCI and profit generated for the year, partially offset against the purchase of treasury shares and payment of dividend.

As at 31 December 2023, the Group registered a positive working capital of \$51.6 million as compared to that of \$50.1 million as at 31 December 2022. The Group has managed to maintain its net cash position as at 31 December 2023.



SIN HENG IS AN AUTHORISED DISTRIBUTOR FOR THESE LEADING BRANDS



KOBELCO



KOBELCO



KATO



KATO

BOARD OF DIRECTORS

As of 31 December 2023



MR LEONG WING KONG

Independent Chairman

Mr Leong Wing Kong was appointed as Independent Director on 1 July 2020. He is the Chairman of the Board and the Audit and Risk Committee, and a member of the Nominating Committee and the Remuneration Committee.

Mr Leong has over 14 years of experience in direct investment in the areas of private equity and venture capital. Mr Leong was the Vice President of SEAVI Advent Private Equity where his responsibilities include supporting SEAVI Advent's investment business in ASEAN and China. Prior to SEAVI Advent, between November 1995 and March 2000, Mr Leong was at the Capital Markets Department of DBS where he provided mergers and acquisitions advisory services to clients in various industries. Before joining DBS, he was an auditor at Deloitte Touche Tohmatsu, Kuala Lumpur, from July 1992 to December 1993, and he later became an audit supervisor at Price Waterhouse, Singapore, from January 1994 to November 1995.

Mr Leong graduated with a degree of Bachelor of Business in Accounting in 1991 from Swinburne University of Technology in Australia. Mr Leong is also a Chartered Accountant registered with Institute of Singapore Chartered Accountants.



MR TAN AH LYE

Executive Director and Chief Executive Officer

Mr Tan Ah Lye, the founder of the Company, is one of the pioneers in the lifting industry in Singapore. He started as a sole proprietor in 1969 and has more than 40 years of experience in cranes, aerial lifts and construction-related equipment. Mr Tan is very familiar with the business and operational aspects of the Company and is also very well-versed with the technicality of the equipment. With his many years of valuable experience and knowledge, Mr Tan has also built up a vast network across many industries and close relationships with our major suppliers.

Mr Tan has been our Executive Director and Chief Executive Officer since November 2017. Prior to November 2017, he was the Non-Executive Chairman from October 2012 to June 2016 and the Executive Chairman from July 2016 to November 2017. Mr Tan was conferred the Pingat Bakti Masyarakat (Public Service Medal) by The President of the Republic of Singapore in 2016.

BOARD OF DIRECTORS

As of 31 December 2023



MR TAN CHENG KWONG

Executive Director and Deputy Chief Executive Officer

Mr Tan Cheng Kwong joined the Company in 1995 and worked his way up to his current position as an Executive Director. Mr Tan has been appointed as Deputy Chief Executive Officer with effect from 4 May 2020. Mr Tan is in charge of the management and operations of Sin Heng Aerial Lifts Pte. Ltd. since 1999. Mr Tan has over 20 years of experience in the business of rental and trading of equipment. Under his management, our aerial lift business has grown significantly and we are now one of the leading aerial lift companies in Singapore.



MR TAN CHENG GUAN

Executive Director

Mr Tan Cheng Guan joined the Company in 1993 and worked his way up to his current position as an Executive Director. Mr Tan is in charge of our Group's crane trading business, Malaysia and Indonesia subsidiaries. Mr Tan also manages our maintenance service team to ensure best level of after sales service and support for our customers.

With his many years of experience in the crane business, Mr Tan has been instrumental in growing the scope and revenue of this business segment. He is responsible for developing new procurement channels, promoting sales, identifying new business opportunities and customers and managing relationships with existing customers.

BOARD OF DIRECTORS

As of 31 December 2023



MR LIM KENG HOE

Independent Director

Mr Lim Keng Hoe was appointed as Independent Director on 12 July 2021. He is the Chairman of the Nominating Committee and the Remuneration Committee, and a member of the Audit and Risk Committee. Mr Lim is currently the Managing Director of Hitachi Systems Network Technologies Pte Ltd, an ICT solutions provider

that integrates technologies, information and ideas and transforms businesses for innovation and growth. Concurrently, he also sits on the board of Hitachi Systems Network Technologies Pte Ltd. Mr Lim is an experienced enterprise leader with more than 25 years of experience in general & operational management, sales & business development as well as corporate strategy and policies formulation. Mr Lim started his career with the Singapore Police Force before his various stints in the private sector including the Singtel group and ST Telemedia group companies.

Mr Lim was awarded the prestigious Public Service Commission (Police Service) tertiary scholarship and graduated from the National University of Singapore in 1994 with a Bachelor of Science in Computer & Information Sciences.



MR RAI SATISH

Independent Director

Mr Rai Satish was appointed as Independent Director on 27 September 2022. He is a member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee. Mr Rai is currently practicing as an advocate and solicitor with Kalidass Law Corporation. Before embarking on law as a mid-career switch, he was employed as a Principal Assistant Clerk of the Parliament

of Singapore for nearly 7 years. During his stint in the Parliament of Singapore, he was primarily involved in rendering advice to Ministries and Members of Parliament on parliamentary law, practice and procedure. Mr Rai served as the Secretary to the Estimates Committee of the 11th Parliament of Singapore and was the Budget Coordinator for Parliament during Budget 2011 and 2012. He was also the Management Representative for Parliament Secretariat in their ISO 9001 certification and recertification drives.

After completing his law degree, Mr Rai was called to the Singapore Bar in May 2018. He had joined a small-sized law firm thereafter, where he was engaged in a mixed-practice, predominantly focused on criminal law. Mr Rai joined Kalidass Law Corporation in April 2021, where he continues to be engaged in a mixed-practice, with a focus on landlord-tenant matters, estate planning matters and criminal law.

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Leong Wing Kong
Independent Chairman

Tan Ah Lye
Executive Director & CEO

Tan Cheng Kwong
Executive Director & Deputy CEO

Tan Cheng Guan
Executive Director

Lim Keng Hoe
Independent Director

Rai Satish
Independent Director

AUDIT & RISK COMMITTEE:

Leong Wing Kong
Chairman

Lim Keng Hoe
Rai Satish

NOMINATING COMMITTEE:

Lim Keng Hoe
Chairman

Leong Wing Kong
Rai Satish

REMUNERATION COMMITTEE:

Lim Keng Hoe
Chairman

Leong Wing Kong
Rai Satish

COMPANY SECRETARY:

Siau Kuei Lian, ACS ACG

REGISTERED OFFICE:

26 Gul Road
Singapore 629346

SHARE REGISTRAR AND SHARE TRANSFER OFFICE:

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue,
#14-07 Keppel Bay Tower,
Singapore 098632

AUDITORS:

Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809
Partner-in-charge: Hoe Chi-Hsien
(Appointed since FY2021)



CORPORATE GOVERNANCE REPORT

The Board of Directors (“**Board**”) of Sin Heng Heavy Machinery Limited (“**Company**”) recognises the importance of and is committed to maintaining a high standard of corporate governance. The Company is guided in its corporate governance practices by the Code of Corporate Governance 2018 (the “**Code**”) so as to protect shareholders’ interests and enhance long-term shareholders’ value and corporate transparency. This Corporate Governance Report outlines the Group’s corporate governance processes and activities during the financial year ended 31 December 2023 (“**FY2023**”) with specific reference to the Code.

(A) BOARD MATTERS

Board’s Conduct of its Affairs

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

The Board is entrusted with the responsibility for the overall strategic direction and management of the Company and its subsidiaries (the “**Group**”). The principle duties of the Board include the following:

- Protects and enhances long-term shareholders’ value
- Safeguards the shareholders’ and other stakeholders’ interests and the Company’s assets through the enhancement of corporate performance and accountability
- Oversees and approves the formulation of the Group’s overall long-term strategic objectives and directions, and sets its values and standards
- Responsible for the Group’s overall performance goals financial plans, major investments, divestments and funding proposals
- Reviews the business, operation and financial performance, risk management systems and corporate governance practices
- Ensures the Group comply with all laws and regulations relevant to the Group’s business goals

All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company.

The Board also considers sustainability issues, such as environmental and social factors, as part of its strategic formulation of the Group’s objectives and directions. In addition to the foregoing, the Board also approves the policies and guidelines, the management of the Company’s (the “**Management**”) remuneration and the appointment of Directors.

The Board has adopted a set of internal controls and guidelines for the Management to operate within. These internal controls and guidelines set authorisation and approval limits for operating matters. Apart from matters that specifically require the Board’s approval, such as investments, acquisitions, disposals, borrowings, issuance of shares, dividend distributions and other returns to shareholders, the Board approves operational matters where the value of a transaction exceeds these limits or when transactions fall outside the ordinary course of business.

CORPORATE GOVERNANCE REPORT

To assist in the execution of its responsibilities, the Board is supported by three (3) committees, namely the Audit and Risk Committee (“**ARC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”) (collectively, “**Board Committees**”). Each committee functions within clearly defined terms of reference and operating procedures. The effectiveness of each committee is also constantly reviewed by the Board. The Board conducts regular scheduled meetings on a half yearly basis. Besides the scheduled Board meetings, the Board also convenes ad-hoc meetings when circumstances require. If necessary, Board meetings may be conducted by way of telephone or video conferencing as permitted under Regulation 116 of the Company’s Constitution where all persons participating in the meeting communicate with each other simultaneously and instantaneously.

Formal Board meetings are held at least twice a year to approve the half and full year results announcements and to oversee the business affairs of the Group. The schedule of all the Board and Board Committees meetings for the calendar year is given to all the Directors well in advance. The Board is free to seek clarifications and information from the Management on all matters under their purview. Ad-hoc meetings are convened at such other times as may be necessary to address any specific significant matters that may arise. Important matters concerning the Group are also put to the Board for its decision by way of formal meetings and/or written resolutions.

The following table sets out the number of Board and Board Committees meetings held during FY2023 and the attendance of each Director at these meetings:

Name of Director	Board	ARC	NC	RC
	Number of Meetings Held: 2	Number of Meetings Held: 2	Number of Meetings Held: 1	Number of Meetings Held: 1
	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended
Tan Ah Lye	2	–	–	–
Tan Cheng Guan	2	–	–	–
Tan Cheng Kwong	2	–	–	–
Leong Wing Kong	2	2	1	1
Lim Keng Hoe	2	2	1	1
Rai Satish	2	2	1	1

Appropriate briefings and orientation are arranged for newly appointed Directors to familiarise them with the Group’s business operations, strategic directions, Directors’ duties and responsibilities and the corporate governance practices. They are also given opportunities to visit the Group’s operational facilities and meet the Management so as to gain a better understanding of the Group’s business.

Newly appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. For new appointed Directors who do not have prior experience as a director of a public listed company in Singapore, pursuant to the Rule 210(5)(a) of the Listing Rules of Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Company arranges for the SGX-ST’s prescribed training courses organised by the Singapore Institute of Directors (“**SID**”) on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties.



CORPORATE GOVERNANCE REPORT

Mr. Rai Satish was appointed to the Board on 27 September 2022 and underwent an orientation of the Company that provided its background information, history, mission and value. Mr. Rai Satish has attended the mandatory training conducted by SID in accordance with Rule 210(5)(a) of the Listing Rules of the SGX-ST.

In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. The Directors are encouraged to attend seminars and training programmes, that enables them to keep abreast of the developments and changes, and thereby equipping them with the skills to effectively discharge their Directors' duties and responsibilities. Changes to regulations and accounting standards are also monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Listing Rules of the SGX-ST that affect the Company and/or the Directors in discharging their duties, and such training will be funded by the Company.

The details of updates, seminars and training programmes attended by the Directors in FY2023 include, amongst others:-

- Updates on developments in financial reporting, where relevant, by the external auditors of the Company;
- Updates on regulatory announcements, guidance and/or amendments to the Listing Rules of the SGX-ST and the Code, where relevant, by the Company Secretary; and
- Changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management.

All Directors have unrestricted access to the Company's records and information. From time to time, they are furnished with complete, accurate and adequate information in a timely manner to enable them to be fully cognizant of the decisions and actions of Management.

Detailed Board papers are prepared and circulated to the Directors before each Board meeting. The Board papers include sufficient information on financial, budgets, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting.

The Board receives half-year financial performance results, annual budgets and explanation on material forecasts variances to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

The Directors have separate and independent access to Management and the Company Secretary, who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied, at all times through email, telephone and face-to-face meetings.

The Directors may also liaise with Management as and when required to seek additional information. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.

CORPORATE GOVERNANCE REPORT

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. The Company Secretary and/or their representatives attend all the Board and Board Committees meetings and prepares minutes of meetings. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

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.

Presently, the Board comprises three (3) Executive Directors and three (3) Independent Directors:-

Name of Director	Board	ARC	NC	RC
Leong Wing Kong	Independent Chairman	Chairman	Member	Member
Tan Ah Lye	Executive Director & Chief Executive Officer (“CEO”)	-	-	-
Tan Cheng Kwong	Executive Director & Deputy CEO	-	-	-
Tan Cheng Guan	Executive Director	-	-	-
Lim Keng Hoe	Independent Director	Member	Chairman	Chairman
Rai Satish	Independent Director	Member	Member	Member

In view of an Independent Director being the Chairman of the Board, the Company has complied with Provision 2.2 of the Code. Although the Non-Executive Directors do not make up a majority of the Board, pursuant to Provision 2.3 of the Code, the Board is of the view that there is an appropriate level of independence with the Independent Directors constituting half of the Board, and diversity of thought and background in its composition to enable the Board to make decisions in the best interests of the Company. In particular, the Independent Directors chairing the ARC, NC and RC as well as the Board have sufficient standing and authority to weigh in on any significant matter. The NC considered the dynamics within the Board and the following matters in deliberating on independence and diversity, and the observation of Principle 2 of the Code.

In view of current Board comprises of three (3) Directors (out of a six (6) member Board) who are Non-Executive Independent Directors, the Company has complied with Rule 210(5)(c) of the Listing Rules of the SGX-ST, which requires the Board to have at least one-third of the Directors who are independent and free of any material business or financial connection with the Company.

The Board assesses the independence of each Director in accordance with the Code and the Listing Rules of the SGX-ST. The NC considers an “independent” Director as one who 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.

Each Independent Director is required to complete a confirmation of independence form annually to confirm his independence based on the guidelines set out in the Code and the Listing Rules of the SGX-ST.



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The NC has reviewed the forms on confirmation of independence completed by each Independent Director and is satisfied that Mr. Leong Wing Kong, Mr. Lim Keng Hoe and Mr. Rai Satish are independent in accordance with the Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of SGX-ST.

None of the Independent Directors has served on the Board beyond nine (9) years from the date of their first appointments.

The Independent Directors participate actively during Board meetings. The Company has benefited from Management's access to its Directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees. The Independent Directors communicate amongst themselves and with the Company's auditors and Senior Management. When necessary, the Company coordinates informal meetings for Independent Directors to meet without the presence of the Executive Directors and/or Management.

The Company has a written board diversity policy which sets out the policy and framework for promoting diversity on the Board and believes that a diverse Board will enhance decision making of the Board by utilising the variety of skills, industry, and business experiences and competencies, gender, age, ethnicity and culture, geographical background and nationalities, tenure of services and other distinguishing qualities. The Company recognises that an effective board requires Directors to possess not only integrity, commitment, relevant experience, qualifications and skills in carrying out their duties effectively but also include diverse background towards promoting good corporate governance.

In the process of searching for qualified persons to serve on the Board, the NC shall strive for the inclusion of diverse groups and the final decision on selection of directors will be based on merit against the objective criteria set and after giving due regard for the benefits of diversity on the Board. The NC is mindful of related regulatory requirements (including the Listing Rules issued by the SGX-ST, Companies Act 1967 and the Code), and will give due consideration to characteristics, such as gender, age, ethnicity and geographic representation, which contribute to board diversity.

On an annual basis, the NC has reviewed the size and composition of the Board and Board Committees, which comprises members from different backgrounds whose core competencies, qualifications, skills and experiences, meet with the requirement of the Group. The NC will periodically review the competencies of the Directors to ensure effective governance of the Company and contribution to the Board. All Directors will submit to the NC on an annual basis a completed Board and Board Committees Evaluation Questionnaire (including composition of the Board and Board Committees).

The Board comprises of Directors who possess the core competencies, experience and knowledge in business, finance, legal and management skills critical to the Group's business and that each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC has reviewed the completed Questionnaire for FY2023, and is satisfied that the Board has the appropriate mix of expertise, experiences, and skills in supporting the attainment of its strategic objectives and sustainable development. As the NC has assessed the current level of diversity on the Board to be satisfactory, the Company generally does not set concrete timelines for achieving board diversity targets. Instead, the Company takes the approach that maintaining a satisfactory level of diversity as an ongoing process. The targets to achieve diversity on the Board are assessed from time to time, based on the composition of the Board and operations of the Group at the relevant time.

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Having considered the scope and nature of the Group's businesses, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, is of the view that its current size, as well as the current size and composition of the Board Committees, are appropriate to facilitate effective decision making, and provide sufficient diversity of expertise to lead and govern the Company effectively.

A brief description on the background of each Director is presented on "Board of Directors" section in the Annual Report. The Board, taking into account the NC's views, considers that the current Board provides an appropriate balance and diversity of skills, experiences and knowledge to the Company that will provide effective governance and stewardship for the Group.

Independent Directors do not exercise executive functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and take into account the long-term interests of not only the shareholders, but also of the employees, customers, suppliers and the communities in which the Group conducts its business and reviewing the performance of the Management in meeting agreed goals and objectives and monitoring the reporting of performance. Board's decisions are undertaken on a unanimous basis and no individual or group is able to dominate the Board's decision-making process. There is also an appropriate balance and diversity of skills and experience on the Board as the presence of the Independent Directors are of calibre necessary to carry sufficient weight in the Board's decisions.

The Company co-ordinates informal meeting sessions for Independent Directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

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.

Mr. Leong Wing Kong is the Independent Chairman while Mr. Tan Ah Lye is the Executive Director and CEO of the Company in charge of the overall operations and financial performance of the Company.

The responsibilities of the Independent Chairman include:

- Primarily responsible for the effective working of the Board
- Achieving the Group's vision, overarching strategy and promoting the highest standards of corporate governance
- Leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda
- Scheduling of meetings to enable the Board to perform its duties and responsibilities while not interfering with the flow of the Group's operations
- Promoting a culture of openness and debate at the Board
- Ensuring the Directors receive accurate, timely and clear information and effective communication with shareholders



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- Encouraging constructive relations between the Board and Management and facilitating the effective contribution of Non-Executive Directors
- Acting in the best interest of the Group and of the Shareholders

The Company Secretary may be called to assist the Independent Chairman in any of the above.

As the Chairman of the Board is independent, the appointment of a Lead Independent Director is not necessary. In addition, the Independent Directors, led by the Independent Chairman, meet amongst themselves without the presence of the other Directors, where necessary, and the Independent Chairman will provide feedback to the CEO after such meetings.

Board Membership

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

The NC consists of three (3) Independent Directors, all of whom, including the Chairman, are independent. The NC members are:

Mr. Lim Keng Hoe (Chairman)
Mr. Leong Wing Kong
Mr. Rai Satish

The NC is guided by its written terms of reference which clearly sets out its authority and duties. The NC is responsible for, *inter-alia*:

- (i) reviewing and making recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board and on re-nomination of Directors, taking into account the composition and progressive renewal of the Board and each Director's competencies, commitment, prior contribution and performance;
- (ii) making recommendations to the Board on matters relating to the review of Board succession plans for directors, the development of a process for evaluating the performance of the Board, Board Committees and Directors and reviewing of training programmes for the Board;
- (iii) determining annually and as and when circumstances require whether or not a Director is independent;
- (iv) deciding whether or not a Director with multiple board representations is able to and has been adequately carrying out his duties as a Director;
- (v) reviewing training and professional development programs for the Board; and
- (vi) evaluating the performance of the Board, Board Committees and contribution of each Director to the effectiveness of the Board.

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The NC is responsible for identifying and recommending potential candidates for appointment as directors to the Board. The NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new director. The selection criterion of the candidate includes integrity, diversity of competencies, background, expertise, knowledge and business experiences which will complement the skills and competencies of the existing Directors on the Board. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple boards. The NC will ensure that new Directors are aware of their duties and obligations.

The NC seeks potential candidates widely and beyond directors/management recommendations and may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new directors are put to the Board for its consideration.

Pursuant to Regulation 89 of the Company's Constitution, at least one-third of the Directors will retire at every AGM. Directors who retire are eligible to offer themselves for re-election. In addition, Regulation 96 of the Company's Constitution provides that a newly appointed Director can only hold office until the next AGM and then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation.

Each member of the NC shall abstain from voting on any resolutions in respect of his re-nomination as a Director.

The NC had recommended to the Board that Mr. Tan Cheng Guan and Mr. Lim Keng Hoe be nominated for re-election pursuant to Regulation 89 of the Company's Constitution at the forthcoming AGM. The Board had accepted the NC's recommendations.

In making the recommendation, the NC has considered the Directors' overall contributions and performance. Each member of the NC shall abstain from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their own performance or re-election as a Director.

Mr. Lim Keng Hoe, being the Chairman of the NC who is retiring at the forthcoming AGM, abstained from voting on the resolution in respect of his own re-nomination as a Director.

Mr. Tan Cheng Guan and Mr. Lim Keng Hoe have consented for re-election at the forthcoming AGM.

Details of the retiring Directors seeking for re-election at the AGM are set out in pages 41 to 44 of this Annual Report in compliance with the Rule 720(6) of the Listing Rules of the SGX-ST.

The NC reviews the independence of each Director annually in accordance with the definition of independence as set out in the Code and Practice Guidance, and taking into consideration whether the Directors falls under any circumstances pursuant to Rule 210(3)(d) of the Listing Rules of SGX-ST. The Independent Directors have submitted their confirmation of independence annually for the NC's reviews.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code and Listing Rules of the SGX-ST) and are able to exercise judgement on the corporate affairs of the Group independently from the Management.



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All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his or her knowledge. Where a Director has multiple board representations, and in considering the nomination of Directors for appointment, the NC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

Although some of the Board members have multiple board representations, the NC, after discussion with the said Directors, is satisfied that sufficient time and attention has been given by the Directors to the Group. In view of this, the Board does not limit the maximum number of listed company board representation its Board members may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the Company and adequately carrying out his or her duties as a Director. The Board believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, bearing in mind his or her other commitments. The Board and the NC will continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

There is no alternate director being appointed to the Board.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

In line with the principles of good corporate governance, the NC has adopted a process to evaluate the performance of the Board as a whole, the Board Committees and individual self-assessment to assess each Director's contribution to the Board's effectiveness on an annual basis. Objective performance criteria used to assess the performance of the Board, Board Committees and individual Directors include both quantitative and qualitative criteria.

All Directors review and evaluate the performance and assess the effectiveness of the Board and Board Committees as a whole and the results of each assessment are considered by the NC, which has the responsibility of assisting the Board in the evaluation of the Board's and Board Committees' effectiveness. Factors such as (1) the structure and size of the Board and Board Committees; (2) the manner in which the Board and Board Committees meetings are conducted; (3) the Board's and Board Committees' accountability; (4) the process to review and approve the corporate strategy and planning; (5) the Board's access to information; and (6) access to the Key Management to ensure the establishment of a risk management system and internal control are applied to evaluate the Board's, Board Committees' and each Director's performance. Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution in respect of the assessment of his own performance or re-nomination as a Director. The NC held one (1) meeting during FY2023.

The NC also assesses each individual Director's performance by using those factors including the interactive skills, knowledge, director's duties, availability and overall contribution. The Board and the NC believe that the financial indicators are mainly used to measure the Management's (including Executive Directors') performance and hence are less applicable to the Independent Directors.

In reviewing the overall Board's performance, the NC also took into consideration the Board's ability to monitor Management's achievement of the strategic directions/objectives set and approved by the Board.

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Assessment parameters for Directors' performance include their level of participation at Board and Board Committees meetings and the quality of their contribution to Board processes and the business strategies and performance of the Group. The NC's evaluation of the individual Directors for FY2023 was facilitated with feedback from the NC members on areas relating to the Board's competencies and effectiveness. The results of the evaluation process were used by the NC, in its consultation with Independent Chairman to effect continuing improvements on Board processes.

Based on the summary of the evaluation for FY2023 together with the feedback and recommendations from individual Directors, members of the Board and the respective Board Committees, the NC is of the view that the overall effectiveness of the Board as a whole and the Board Committees, and individual Directors have been satisfactory for the financial year.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance.

For FY2023, the NC has not engaged any external facilitator to assist in the assessment of the performance of the Board and the Board Committees.

(B) 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.

The RC consists of three (3) Independent Directors, all of whom, including the Chairman, are independent. The RC members are:

Mr. Lim Keng Hoe (Chairman)
Mr. Leong Wing Kong
Mr. Rai Satish

The RC is guided by its written terms of reference which clearly set out its authority and duties. The RC is responsible for, *inter-alia*:

- (i) recommending to the Board a framework of remuneration for Directors, CEO, CFO and Key Management Personnel whom the RC may decide from time to time;
- (ii) determining specific remuneration packages for each of the Directors, CEO, CFO and Key Management Personnel. Recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration including, but not limited to, directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered by the RC. Each member of the RC is required to abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC with respect to his remuneration package. If a member of the RC has an interest in a matter being deliberated by the RC, he is required to abstain from participating in the review and the approval process of the RC in relation to that matter; and
- (iii) reviewing and submitting its recommendations for endorsement by the Board, any long term incentive schemes which may be set up from time to time and to do all acts in connection therewith.

No Director will be involved in determining his own remuneration.



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The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. No external professional was engaged by the Company to advise on the executive remuneration in FY2023.

In reviewing the service agreements of the Executive Directors and Key Management Personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

The RC held one (1) meeting during FY2023.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and Key Management Personnel are appropriate to sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

In setting remuneration packages, the RC takes into account the respective performance of the Group and of each individual. In its deliberation, the RC takes into consideration remuneration packages, employment conditions within the industry and benchmarks against comparable companies.

The RC reviews the service contracts between Executive Directors and the Company to ensure that they are comparable to industry standards before giving its recommendations to the Board.

The RC recognises that the level and structure of remuneration should be aligned with the long-term interests and risk policies of the Company and should be appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and the Key Management Personnel to successfully manage the Company. The Company links the remuneration paid to the Executive Directors and Key Management Personnel to the Company's and each individual's performance, based on an annual appraisal and using indicators such as core values, competencies, key result areas, performance rating and potential of the employees.

The Independent Directors do not have service agreement with the Company. Directors' fees will be paid or payable to the Independent Directors in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors shall not be overcompensated to the extent that their independence may be compromised. The Directors' fees are reviewed and recommended by the RC and endorsed by the Board for shareholders' approval at the AGM of the Company.

Each member of the RC abstains from deliberating on or making recommendations in respect of any proposed amounts to be paid by the Company to him.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

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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 relationship between remuneration, performance and value creation.

The compensation packages for Executive Directors and the Key Management Personnel comprise a fixed component and a variable component. The fixed component of remuneration for the Executive Directors is based on the service agreements entered between the Company and the Executive Director, and for Key Management Personnel is based on the employment contract with them. Each of our Executive Directors has a service contract that covers a period of three years. The variable component of remuneration for both Executive Directors and Key Management Personnel includes a bonus and a profit sharing incentive which is linked to the Company's and individual's performances to align their interests with the shareholders.

The remuneration of each individual director and CEO as well as Key Management Personnel are set out in incremental bands of S\$250,000. The Company has not disclosed exact details of the remuneration of each individual director and CEO as well as Key Management Personnel as maintaining confidentiality on such matters is important in the overall interest of the business. Any further disclosure could be detrimental to the Group's interests, as it may lead to poaching of Key Management Personnel at the expense of our competitive edge, or the revelation of the Group's trade practices or tactics to competitors, in a highly competitive industry.

The following table shows a breakdown of the remuneration of the Directors, Key Management Personnel, Immediate Family Member of Directors or CEO in percentage terms for FY2023:

	Salary ⁽²⁾ (%)	Bonus & profit sharing (%)	Other Benefits (%)	Directors' Fees ⁽³⁾ (%)	Total (%)
Directors:					
S\$750,001 to S\$1,000,000					
Tan Cheng Guan	44	46	10	–	100
Tan Cheng Kwong (Cheng Qingguang)	48	46	6	–	100
S\$500,001 to S\$750,000					
Tan Ah Lye	41	58	1	–	100
Below S\$250,000					
Leong Wing Kong	–	–	–	100	100
Lim Keng Hoe	–	–	–	100	100
Rai Satish	–	–	–	100	100
Key Management Personnel:					
S\$500,001 to S\$750,000					
Tan Cheng Soon, Don ⁽¹⁾	54	42	4	–	100
S\$250,001 to S\$500,000					
Yang Yung Kang	49	51	–	–	100

Notes:

- (1) Mr. Tan Cheng Soon, Don is an employee of the Group and the son of Executive Director and CEO, Mr. Tan Ah Lye and brother of Executive Directors, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong (Cheng Qingguang).
- (2) Includes Central Provident Fund Contribution.
- (3) The Directors' fees are subject to the approval of the shareholders at the forthcoming AGM.



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The Group had identified only two Key Management Personnel for the financial year ended 31 December 2023.

The aggregate remuneration of the top Key Management Personnel (who are not Directors or the CEO) amounted to S\$998,662.

For FY2023, there were no termination, retirement or post-employment benefits granted to Directors and relevant Key Management Personnel other than the standard contractual notice period and termination payment in lieu of service.

The Company is of the view that our disclosure in good faith supports both the spirit of the Code and Principle 8 of the Code, and that disclosure in incremental bands of the Directors, CEO and Key Management Personnel are sufficient and adequate. Any further disclosure could be detrimental to the Group's interests, as it may lead to poaching of key executives, or revelation of the Group trade practices or tactics to competitors.

Remuneration of Substantial Shareholder or Immediate Family Members of Director and CEO

Save as disclosed in the table above for Mr. Tan Cheng Soon, Don, there were no other employees who are substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeded S\$100,000 during FY2023.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company's overall internal control framework. The Board also recognises that an effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

As part of the ongoing risk management process, the Management will conduct a risk assessment and evaluation periodically, when deemed appropriate, and provide for significant risks to be managed through regular reviews by the Management, the Board Committees and the Board as well as adoption of adequate and cost-effective system of internal controls. The ARC reviews the Group's risk management process established by the Management to ensure that there are adequate and effectiveness of the internal controls in place to manage and mitigate the significant risks identified.

To ensure adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, the following controls and procedures are in place:-

- Company policies and procedures are reviewed periodically;
- Internal audit functions are outsourced to a professional accounting firm. The annual internal audit plan is duly approved by ARC;

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- Check and balance with segregation of duties and responsibilities;
- Department reports are reviewed at Management level;
- Approval matrix established are reviewed periodically; and
- Budgetary control and review.

The Board is responsible for the governance of risk and overall internal control framework and is fully aware of the value of a sound system of risk management and internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

As at the date of this Annual Report, the ARC has met with the Key Management Personnel, internal auditors and external auditors to review the internal auditors' and external auditors' audit plans and the adequacy of risk management mechanisms implemented within the Group. The internal auditors report to the ARC on any material weaknesses in the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. As part of the annual statutory audit on financial statements, the external auditors report to the ARC on any material weakness in internal controls over the areas which are significant to the audit.

For the year under review, the Directors have received assurance from the CEO and CFO that:

- a. The financial records have been properly maintained and the financial statements for FY2023 give a true and fair view in all material respects, of the Group's operations and finances; and
- b. The Group's internal control and risk management systems are operating adequately and effectively in all material respects given its current business environment.

The Management continues to focus on improving the standard of internal control, corporate governance and the mitigation of high risk areas.

Based on the internal controls established and maintained by the Group and the statutory audit conducted by the external auditor and reviews performed by management and the ARC, the Board, with the concurrence of the ARC, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls and risk management, were adequate and effective as at 31 December 2023 to meet the needs of the Group's existing business objectives, having addressed the risks which the Group considers relevant and material to its operations. While acknowledging their responsibility for the system of internal controls, the Directors are aware that such a system is designed to manage, rather than eliminate risks, and therefore cannot provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors or mis-statements, poor judgement in decision-making, human error, losses, fraud or other irregularities.



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Audit and Risk Committee

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

The ARC consists of three (3) Independent Directors, all of whom, including the Chairman, are independent. The ARC members are:

Mr. Leong Wing Kong (Chairman)
Mr. Lim Keng Hoe
Mr. Rai Satish

The Board is of the view that the members of the ARC are appropriately qualified and possess recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities. All ARC members have many years of experience in accounting, finance and/or legal related expertise and experience. The profile of the members of the ARC can be found on page 16 to 18 of this Annual Report.

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

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the CEO and the CFO have provided assurance to the Board on the integrity of the Group's financial statements.

In accordance with the terms of reference adopted by the ARC, the duties and powers of the ARC include, *inter alia*:

- (i) assisting the Board in the discharge of its responsibilities on financial and accounting matters;
- (ii) 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;
- (iii) reviewing with the external auditors on the audit plans, including the nature and scope of the audit before the audit commences, audit report, Management letter and Management's response and evaluate the system of internal controls;
- (iv) reviewing the half-year and full-year announcements on financial statements and ensuring they are in compliance with the requirements of Singapore Financial Reporting Standards (International) before submission to the Board for approval to release;
- (v) discussing and resolving problems and concerns, if any, arising from the annual audits, in consultation with the external auditors and internal auditors where necessary;
- (vi) meeting with internal auditors and external auditors without the presence of the Management annually, to discuss any problems and concerns they may have;

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- (vii) reviewing the adequacy, effectiveness, independence, scope and results of the Company's external and internal audit function;
- (viii) reviewing assistance given by Management to the internal auditors and external auditors;
- (ix) reviewing annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors;
- (x) reviewing the guidelines and procedures of interested person transactions falling within the scope of the SGX-ST Listing Manual;
- (xi) reviewing half yearly and annually, the adequacy and effectiveness of the Company's internal control and risk management systems;
- (xii) overseeing risk management; and
- (xiii) reviewing the independence of and nominating external auditors for re-appointment.

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

The ARC has full access to and has the co-operation of the Management, and has been given the resources required for it to discharge its function properly. It has full discretion to invite any Director or Executive Officer to attend its meetings.

In July 2010, SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the ARC in evaluating the external auditors. Accordingly, the ARC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the said Guidance.

In line with the recommendations by ACRA, Monetary Authority of Singapore and the SGX-ST that the ARC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on key audit matters ("**KAM**"), the ARC together with the Management had considered the KAM presented by the external auditors. The ARC reviewed the KAM and concurred and agreed with the external auditors and Management on their assessment, judgements and estimates on the KAM reported by the external auditors.

The ARC recommends to the Board on the appointment, reappointment and removal of the external auditors and approval of the remuneration of the external auditors. The ARC has recommended to the Board that Deloitte & Touche LLP be nominated for the re-appointment as external auditors of the Company at the forthcoming AGM.

In appointing auditing firms for the Group, the ARC and the Board are satisfied that the appointment of different auditing firms for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company. The Group has complied with Rules 712, 715 and 716 of the Listing Rules of the SGX-ST in relation to the engagement of its auditors.



CORPORATE GOVERNANCE REPORT

The ARC will meet with the external auditors and internal auditors without the presence of the Management, as and when necessary, to review the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors and internal auditors. The ARC met with the external auditors without the presence of the Management during the financial year.

The ARC had conducted a review of all non-audit services provided by the auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Fees paid or payable by the Group to the external auditors (and member firms) of the Company for audit services and non-audit services for FY2023 amounted to S\$162,000 and S\$19,300 respectively.

The ARC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors.

For FY2023, the Company confirms that it is in compliance with Rules 712 and 715 of the Listing Rules of the SGX-ST in relation to the appointment of audit firms for the Group. The ARC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent external auditors of the subsidiaries and significant associated companies of the Group, other than those of the Company.

The Group has implemented a whistleblowing policy whereby employees can raise their concerns to their immediate Director or manager, the appointed whistleblowing officers, or Chairman of the ARC, Mr. Leong Wing Kong about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) the identity of the whistleblower is kept confidential – subject to legal or regulatory requirements;
- (iii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence;
- (iv) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith and without malice; and
- (v) the ARC is responsible for oversight and monitoring of whistleblowing and will review the policy and arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

As of the date of this Annual Report, there were no reports received through the whistleblowing mechanism.

The current size of the operations of the Group does not warrant the Group to have an in-house internal audit function. The Group outsources its internal audit functions to professional accounting firm, Moore Risk Management Pte. Ltd. (“**Moore Risk Management**”) to carry out the internal audit function. The ARC approves the hiring, removal, evaluation and compensation of the internal auditors.

CORPORATE GOVERNANCE REPORT

The internal auditors report primarily to the ARC on internal audit matters and the ARC is empowered to review any of the accounting, auditing and financial practices of the Company and the Group. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the ARC.

Moore Risk Management is an affiliated firm of Moore Stephens LLP, a leading accounting and consulting firm that has been established in Singapore for more than 30 years. Moore Risk Management is a member of the Institute of Internal Auditors Singapore ("IIA") and staffed with persons with the relevant qualifications and experience, to perform the review and testing of controls of the Group's processes consistent with the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors ("IIA").

The internal audit team is headed by Ms. Lao Mei Leng, a Director of Moore Risk Management and also an Audit Partner of Moore Stephens LLP. Ms. Lao Mei Leng is a practising member of the Institute of Singapore Chartered Accountants ("ISCA") and a member of IIA and SID. She has more than 25 years of audit & advisory experience and provides assurance services, sustainability reporting and advisory services, documentation of policies and procedures, SGX compliance and corporate governance review to a wide range of public-listed companies, MAS-regulated entities and government agencies. Ms. Lao Mei Leng is assisted by a Manager with more than 5 years of relevant experience.

The ARC is of the view that Moore Risk Management is adequately staffed with persons with relevant qualifications and experience and adheres to professional standards including those promulgated by IIA. The ARC had conducted a review of the internal audit function and based on its review, it has concluded that the internal audit function is adequately resourced, effective and independent.

In accordance with the annual internal audit plan approved by the ARC, the internal auditors conduct internal audit reviews of the Group to assist the Board and the ARC to assess the effectiveness of key internal controls covering financial, operational and compliance on an on-going basis. The internal auditors report independently their findings and recommendations to the ARC. The Management will update the ARC on the implementation status of the remedial action plans.

(D) 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.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the Listing Rules of the SGX-ST and the Companies Act 1967, the Board's policy is that all shareholders should be informed of all major developments that impact the Group via SGXNet on a timely basis.

Shareholders are informed of general meetings through the announcements released to the SGXNet and notices of the general meetings are contained in the Annual Report or circulars are dispatched to all shareholders within the prescribed timeline. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. The Company's Constitution does not provide for the nominee or custodial services to appoint more than two proxies.



CORPORATE GOVERNANCE REPORT

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as “**Relevant Intermediary**” to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licences in providing nominee and custodial services and Central Provident Fund (“**CPF**”) Board which purchases shares on behalf of the CPF investors.

Each item of special business included in the notice of the general meetings will be accompanied by explanation of the impact of the proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

The Chairman of the ARC, NC and RC are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. The external auditors are present to assist the Board in addressing any relevant queries raised by the shareholders on matters relating to the audit and the financial statements.

The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. The Company adheres to the requirements of the Listing Rule of the SGX-ST and the Code, that all resolutions at the Company’s general meetings are put to vote by poll. The detailed results of each resolution are announced via SGXNet after the general meetings.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and the Management. These minutes are available to Shareholders on SGX-ST website and the Company’s website within one (1) month from the date of the general meetings.

The Company’s last AGM held on 28 April 2023 (“**2023 AGM**”) was held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (“**COVID-19 Order**”). The notice of AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGX-ST website and the Company’s website, in accordance with the alternative arrangements for holding of the AGM pursuant to the COVID-19 Order. The Company had also published a notice to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the 2023 AGM. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Company in advance of the meeting, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy, have also been put in place.

All Directors, Management, company secretary and external auditors were present at the 2023 AGM. Save for the 2023 AGM, there were no other general meetings of the Company held during FY2023.

The forthcoming AGM in respect of FY2023 will be convened in a wholly physical format and there will be no option for Shareholders to participate virtually. Please refer to the notice of forthcoming AGM dated 15 April 2024 as set out in this Annual Report for more information on how Shareholders may participate in the forthcoming AGM.

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group’s profit growth, cash position, cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. For FY2023, the Company declared and recommended first and final dividend and special dividend of 5.0 Singapore cents per ordinary share, comprising ordinary dividend of 1.0 Singapore cents and special dividend of 4.0 Singapore cents.

CORPORATE GOVERNANCE REPORT

Engagement with shareholders

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

The Company believes in high standard of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is mainly made through:-

- Annual Report and Circulars that are prepared and sent to all shareholders. The Board ensures that these documents include all relevant material information about the Company and the Group, and other disclosures required by the Listing Rules of the SGX-ST, Companies Act 1967 and Singapore Financial Reporting Standards. These documents are available to Shareholders on SGX-ST website and the Company's website;
- Half-yearly financial statements announcements containing a summary of the financial information and affairs of the Group;
- Announcements via SGXNet on matters required by the Listing Rules, amongst which include acquisitions and disposals, corporate actions, sustainability reporting; and
- The Company's website at www.sinheng.com.sg, where shareholders can access information and the corporate profile of the Group.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts.

Presently, the Company does not have an investor policy or protocol in place nor a dedicated investor relations team, as the Board was of the view that the current communication channels are sufficient and cost-effective. The Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Listing Rules and the Companies Act 1967. The Company will assess the need to establish an investor policy or protocol or investor relations team as and when it deems necessary.

The AGM is the principal forum for dialogue with Shareholders. The Company recognises the value of feedback from Shareholders. During the general meetings, Shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend the AGMs and EGMs, and Shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues. Please refer to Principle 11 above for the relevant information on the proceedings of the 2023 AGM held in FY2023.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with stakeholders

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

The Company recognises the vitality on stakeholders engagement for the Company's long-term sustainability. The Company engages with key stakeholders such as customers, suppliers, employees, investors, as well as government and regulators, to align the Company's sustainable approach with their expectations.



CORPORATE GOVERNANCE REPORT

The Company and the Group have undertaken a process to determine the economic, environmental, social and governance issues, which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

The Company's approach to the engagement with key stakeholders and materiality assessment were disclosed in the Company's Sustainability Report for FY2023. More details will be disclosed in the standalone Sustainability Report for FY2023. The Company will continue to monitor and improve its engagement to ensure that the best interests of the Company are served.

The Company maintains a corporate website at www.sinheng.com.sg to communicate and engage stakeholders. The website provides annual reports, financial information, stock information, profiles of the Group, and contact details of the Group.

(F) DEALINGS IN COMPANY'S SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Company had adopted a Code of Best Practices to provide guidance to its officers on securities transactions by the Company and its officers.

The Company and its officers are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-year and full-year financial results, and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period, or when they are in possession of unpublished price sensitive information, and they are not to deal in the Company's securities on short-term considerations.

(G) INTERESTED PERSON TRANSACTIONS

The Company has established procedures, tracking and records for the review and approval of the Company's interested person transactions ("IPTs") to ensure that these are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs with aggregate value exceeding S\$100,000 between the Group and any of its interested persons (namely, Directors, Key Management Personnel or controlling shareholders of the Group or the associates of such Directors, Key Management Personnel or controlling shareholders) subsisting for FY2023.

(H) MATERIAL CONTRACTS

There is no material contract or loan entered into by the Company or any of its subsidiaries involving interests of any Director or controlling shareholder during FY2023.

CORPORATE GOVERNANCE REPORT

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE AND APPENDIX 7.4.1 OF THE LISTING MANUAL OF SGX-ST

Name of Director	Tan Cheng Guan
Date of appointment	1 July 1996
Date of last re-election (if applicable)	29 April 2022 Due for re-election at the AGM to be held on 30 April 2024
Age	53
Country of principal residence	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board of Directors has accepted and approved the Nominating Committee's recommendation, who has reviewed and considered Mr. Tan Cheng Guan's contributions and performance as the Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr. Tan Cheng Guan is in charge of the Group's crane trading business, Malaysia and Indonesia subsidiaries.
Job title	Executive Director
Professional qualifications	Mr. Tan Cheng Guan graduated with a Diploma in Mechanical Engineering from Singapore Polytechnic.
Working experience and occupation(s) during the past 10 years	Executive Director of Sin Heng Heavy Machinery Limited
Shareholding interest in the listed issuer and its subsidiaries	<u>The Company</u> Nil <u>Subsidiaries of the Group</u> Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	The son of Mr. Tan Ah Lye, the Executive Director and CEO, the brother of Mr. Tan Cheng Kwong (Cheng Qingguang), the Executive Director and Deputy CEO; and Mr. Tan Cheng Soon, Don, the Director of Operation.



CORPORATE GOVERNANCE REPORT

Name of Director	Tan Cheng Guan
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	<p><i>Past (for the last 5 years)</i></p> <p><u>Directorships</u> FC Heavy Machinery Sdn Bhd</p> <p><u>Other Principal Commitments</u> Nil</p> <p><i>Present</i></p> <p><u>Directorships</u> Sin Heng Aerial Lifts Pte. Ltd. TAL Holdings Pte. Ltd. SH Heavy Machinery Sdn Bhd SH Equipment Holdings Sdn Bhd Bestari Industrial Holdings Sdn Bhd PT. SH Machinery Indonesia</p> <p><u>Other Principal Commitments</u> Nil</p>

CORPORATE GOVERNANCE REPORT

Name of Director	Lim Keng Hoe (Lin Qinghe)
Date of appointment	12 July 2021
Date of last re-election (if applicable)	29 April 2022 Due for re-election at the AGM to be held on 30 April 2024
Age	52
Country of principal residence	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board of Directors has accepted and approved the Nominating Committee's recommendation, who has reviewed and considered Mr. Lim Keng Hoe (Lin Qinghe)'s contributions and performance as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.
Job title	Independent Director, Chairman of Nominating Committee and Remuneration Committee and a member of the Audit and Risk Committee
Professional qualifications	Bachelor of Science (Computer & Information Sciences)
Working experience and occupation(s) during the past 10 years	2009 to 2014: General Manager, Technology Solutions Sales of NCS Pte Ltd January 2015 to September 2018: Managing Director of S & I Systems Pte Ltd February 2015 to July 2018: Director of Sunway S & I Systems Sdn Bhd and Sunway S & I Systems Thailand Ltd January 2019 to Present: Managing Director of Hitachi Systems Digital Services Pte Ltd/Hitachi Systems Network Technologies Pte Ltd July 2019 to Present: Director of Hitachi Systems Network Technologies Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	<u>The Company</u> Nil <u>Subsidiaries of the Group</u> Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None



CORPORATE GOVERNANCE REPORT

Name of Director	Lim Keng Hoe (Lin Qinghe)
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	<p><i>Past (for the last 5 years)</i></p> <p><u>Directorships</u> Sunway S & I Systems Sdn Bhd Sunway S & I Systems Thailand Ltd</p> <p><u>Other Principal Commitments</u> Nil</p> <p><i>Present</i></p> <p><u>Directorships</u> Hitachi Systems Network Technologies Pte Ltd</p> <p><u>Other Principal Commitments</u> Nil</p>

The retiring Directors had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the Listing Manual of SGX-ST.

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DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 54 to 108 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Tan Ah Lye
Tan Cheng Guan
Tan Cheng Kwong
Leong Wing Kong
Lim Keng Hoe
Rai Satish

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

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

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company (Ordinary shares)				
Tan Ah Lye	304,000	304,000	32,273,200	32,273,200
Rai Satish	10,000	10,000	–	–

By virtue of section 7 of the Companies Act 1967, Mr. Tan Ah Lye is deemed to have an interest in all the related corporations of the Company.

The directors' interests in the shares and options of the Company at 21 January 2024 were the same at 31 December 2023.

4 SHARE OPTIONS

(a) Options to take up unissued shares

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

(b) Options exercised

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.

(c) Unissued shares under option

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



DIRECTORS' STATEMENT

5 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Company, consisting all non-executive directors, is chaired by Mr. Leong Wing Kong, an independent director, and includes Mr. Lim Keng Hoe, an independent director and Mr. Rai Satish, an independent director. The Audit and Risk Committee has met twice since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- b) the Group's financial and operating results and accounting policies;
- c) the audit plans of the external auditors;
- d) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;
- e) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- f) the interested person transactions as specified under Chapter 9 of the SGX-ST Listing Manual Rules;
- g) the co-operation and assistance given by the management to the Group's external auditors; and
- h) the re-appointment of the external auditors of the Group.

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

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

DIRECTORS' STATEMENT

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

.....
Tan Ah Lye

.....
Leong Wing Kong

28 March 2024



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIN HENG HEAVY MACHINERY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sin Heng Heavy Machinery Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 54 to 108.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIN HENG HEAVY MACHINERY LIMITED

Key Audit Matters (Continued)

Key Audit Matters	Our audit performed and responses thereon
<p>Recoverability of trade receivables</p> <p>As at 31 December 2023, the trade receivables of the Group amounted to \$11,735,000, representing 19% of the Group's current assets.</p> <p>Management judgement is required in assessing the ultimate realisation of the Group's trade receivables, including the assessment of expected credit losses under SFRS(I) 9 <i>Financial Instruments</i>, current creditworthiness and the past collection history of identified debtors.</p> <p>The accounting policy for valuation of trade receivables and the carrying amount of trade receivables is disclosed in Note 8 to the financial statements.</p>	<p>We obtained an understanding of the Group's process over the monitoring of trade receivables and the assessment of loss allowance.</p> <p>We assessed the reasonableness of the Group's historical loss rates and estimates of expected future loss rates, management's assessment of any forward looking macro-economic factors and the eventual expected credit losses in accordance with SFRS(I) 9 <i>Financial Instruments</i>, including testing the accuracy of the data used on a sample basis.</p> <p>We also performed analysis of trade receivables aging to identify any significant collection risks and evaluated management's assessment of the recoverability of material overdue trade receivables, and the reasonableness of any loss allowance to be made, by considering amongst other factors such as the specific debtor's profile, subsequent cash receipts, past payment history or the ongoing business relationship with the debtors involved.</p> <p>We considered the adequacy and appropriateness of the related disclosures and classifications contained in Note 8 to the financial statements.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIN HENG HEAVY MACHINERY LIMITED

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 director's 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:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIN HENG HEAVY MACHINERY LIMITED

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the 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 Hoe Chi-Hsien.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	44,638	38,051	22,310	21,259
Trade receivables	8	11,735	9,453	12,469	14,971
Other receivables and prepayments	9	1,238	2,711	2,223	2,818
Lease receivables	12	–	–	176	96
Inventories	10	3,990	5,744	2,572	3,644
Financial assets at fair value through profit or loss (FVTPL)	14	–	1,800	–	1,800
Total current assets		61,601	57,759	39,750	44,588
Non-current assets					
Property, plant and equipment	11	61,838	63,893	48,440	36,799
Right-of-use assets	12	3,332	3,604	3,173	3,358
Lease receivables	12	–	–	–	176
Investment in subsidiaries	13	–	–	10,357	21,282
Financial assets at fair value through profit or loss	14	349	430	349	430
Financial assets at fair value through other comprehensive income (FVTOCI)	15	700	–	700	–
Other assets	16	10	10	10	10
Total non-current assets		66,229	67,937	63,029	62,055
Total assets		127,830	125,696	102,779	106,643

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Bills payable	17	–	1,135	–	1,135
Derivative financial instruments	18	2	138	2	138
Trade payables	19	1,044	992	12,045	9,270
Other payables	20	4,689	3,045	4,463	8,270
Lease liabilities	21	2,914	2,038	2,914	2,038
Income tax payable		1,308	313	421	153
Total current liabilities		9,957	7,661	19,845	21,004
Non-current liabilities					
Lease liabilities	21	5,806	6,232	5,806	6,232
Deferred tax liabilities	22	5,864	7,063	4,150	3,650
Total non-current liabilities		11,670	13,295	9,956	9,882
Capital and reserves					
Share capital	23	41,846	41,846	41,846	41,846
Retained earnings		76,809	72,783	33,270	34,502
Treasury shares	24	(2,338)	(591)	(2,338)	(591)
Translation reserves		(9,391)	(8,375)	–	–
Capital reserve		(923)	(923)	–	–
Fair value reserve		200	–	200	–
Total equity attributable to owners of the Company		106,203	104,740	72,978	75,757
Total equity		106,203	104,740	72,978	75,757
Total liabilities and equity		127,830	125,696	102,779	106,643

See accompanying notes to financial statements.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Note	Group	
		2023 \$'000	2022 \$'000
Revenue	25	66,230	51,570
Cost of sales		(47,798)	(38,731)
Gross profit		18,432	12,839
Other operating income	26	2,979	1,443
Selling expenses		(396)	(477)
Administrative expenses		(10,473)	(9,290)
Other operating expenses	27	(384)	(125)
(Impairment losses)/Reversal of impairment losses on financial assets	8	(201)	69
Finance costs	28	(183)	(64)
Profit before income tax		9,774	4,395
Income tax expense	29	(1,779)	(744)
Profit for the year attributable to owners of the Company		7,995	3,651
Earnings per share (cents):			
Basic and diluted	31	7.12	3.22
Profit for the year	30	7,995	3,651
Other comprehensive (loss)/income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(1,016)	(2,041)
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Fair value gain arising on financial assets designated as at FVTOCI		200	–
Other comprehensive loss for the year, net of tax		(816)	(2,041)
Total comprehensive income for the year attributable to owners of the Company		7,179	1,610

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

Note	Share capital \$'000	Treasury shares \$'000	Translation reserves \$'000	Capital reserve \$'000	Fair value reserve \$'000	Retained earnings \$'000	Attributable to equity holders of the Company	
							\$'000	Total \$'000
<u>Group</u>								
	41,846	(591)	(6,334)	(923)	-	74,803	108,801	108,801
	Balance at 1 January 2022							
	<i>Total comprehensive income/(loss) for the year:</i>							
	-	-	-	-	-	3,651	3,651	3,651
	Profit for the year							
	-	-	(2,041)	-	-	-	(2,041)	(2,041)
	Other comprehensive loss for the year							
	-	-	(2,041)	-	-	3,651	1,610	1,610
	Total							
	<i>Transaction with owners, recognised directly in equity</i>							
	-	-	-	-	-	(5,671)	(5,671)	(5,671)
	Dividends paid							
32	41,846	(591)	(8,375)	(923)	-	72,783	104,740	104,740
	Balance at 31 December 2022							
	<i>Total comprehensive income/(loss) for the year:</i>							
	-	-	-	-	-	7,995	7,995	7,995
	Profit for the year							
	-	-	(1,016)	-	200	-	(816)	(816)
	Other comprehensive (loss)/income for the year							
	-	-	(1,016)	-	200	7,995	7,179	7,179
	Total							
	<i>Transactions with owners, recognised directly in equity</i>							
	-	-	-	-	-	(3,969)	(3,969)	(3,969)
	Dividends paid							
24	-	(1,747)	-	-	-	-	(1,747)	(1,747)
	Repurchase of shares							
	-	(1,747)	-	-	-	(3,969)	(5,716)	(5,716)
	Total							
	41,846	(2,338)	(9,391)	(923)	200	76,809	106,203	106,203
	Balance at 31 December 2023							

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Note	Share capital \$'000	Treasury shares \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total \$'000
<i>Company</i>						
Balance at 1 January 2022		41,846	(591)	–	42,162	83,417
Loss for the year, representing total comprehensive loss for the year		–	–	–	(1,989)	(1,989)
<i>Transaction with owners, recognised directly in equity</i>						
Dividends paid	32	–	–	–	(5,671)	(5,671)
Balance at 31 December 2022		41,846	(591)	–	34,502	75,757
<i>Total comprehensive income for the year:</i>						
Profit for the year		–	–	–	2,737	2,737
Other comprehensive income for the year		–	–	200	–	200
Total		–	–	200	2,737	2,937
<i>Transactions with owners, recognised directly in equity</i>						
Dividends paid	32	–	–	–	(3,969)	(3,969)
Repurchase of shares	24	–	(1,747)	–	–	(1,747)
Total		–	(1,747)	–	(3,969)	(5,716)
Balance at 31 December 2023		41,846	(2,338)	200	33,270	72,978

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	Group	
		2023 \$'000	2022 \$'000
Operating activities			
Profit before income tax		9,774	4,395
Adjustments for:			
Depreciation of property, plant and equipment		6,452	6,825
Depreciation of right-of-use assets		272	266
Impairment losses/(Reversal of impairment losses) on financial assets		201	(69)
Interest expense		183	64
Interest income		(1,120)	(337)
Net unrealised foreign exchange gain		(12)	(162)
Bad debts written off		86	–
Property, plant and equipment written off		90	–
Gain on disposal of property, plant and equipment		(1,291)	(417)
Fair value changes on derivative financial instruments		(136)	38
Fair value changes arising on financial assets designated as at FVTPL		81	(81)
Operating cash flows before movements in working capital		14,580	10,522
Trade receivables		(2,753)	(1,131)
Other receivables and prepayments		876	(933)
Inventories		15,157	4,717
Trade payables		57	261
Other payables		1,658	(179)
Cash generated from operations		29,575	13,257
Income tax paid		(1,335)	(517)
Purchase of property, plant and equipment	A	(17,518)	(20,896)
Net cash from/(used in) operating activities		10,722	(8,156)
Investing activities			
Interest received		1,120	337
Purchase of property, plant and equipment	A	(5,580)	(307)
Purchase of financial assets designated as at FVTOCI		(500)	–
Proceeds from disposal of property, plant and equipment		5,849	449
Proceeds from disposal of financial assets designated as at FVTPL		1,800	–
Net cash from investing activities		2,689	479



CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Group	
	2023 \$'000	2022 \$'000
Financing activities		
Bills payable	(1,135)	1,135
Interest paid	(183)	(64)
Proceeds from hire purchase facilities	3,328	3,363
Repayment of lease liabilities	(2,878)	(890)
Purchase of treasury shares	(1,747)	–
Dividends paid	(3,969)	(5,671)
Net cash used in financing activities	(6,584)	(2,127)
Net increase/(decrease) in cash and cash equivalents	6,827	(9,804)
Cash and cash equivalents at beginning of year	38,051	48,018
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(240)	(163)
Cash and cash equivalents at end of year	7 44,638	38,051

Note A

During the financial year ended 31 December 2023, the Group acquired property, plant and equipment (including inventory that were purchased and transferred to property, plant and equipment in the current year) with an aggregate cost of \$23,098,000 (2022: \$22,403,000) for which \$3,328,000 (2022: \$4,563,000) were acquired with corresponding lease liabilities (Note 21).

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1 GENERAL

The Company (Registration No. 198101305R) is incorporated in Singapore with its registered office and principal place of business at 26 Gul Road, Singapore 629346. The Company was listed on the Singapore Exchange Securities Trading Limited on 3 February 2010.

The principal activities of the Company are those of hiring and dealing in cranes and heavy machinery and provision of facilities and custody services.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2023 were authorised for issue by the Board of Directors on 28 March 2024.

1.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except as disclosed in the material accounting policy information, and are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The financial statements are expressed in Singapore dollars.

1.2 ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group and the Company have applied all the new and revised SFRS(I) Accounting Standards that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as below.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*

The Group has adopted the amendments to SFRS(I) 1-1 for the first time in the current year. The amendments change the requirements in SFRS(I) 1-1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in SFRS(I) 1-1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Group has applied materiality guidance in SFRS(I) Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.



NOTES TO FINANCIAL STATEMENTS

31 December 2023

1 GENERAL (CONTINUED)

1.2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*

The Group has adopted the amendments to SFRS(I) 1-12 for the first time in the current year. The scope of SFRS(I) 1-12 was amended to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”), including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in SFRS(I) 1-12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The amendments have no impact on the Group and the Company in the current year as management has determined that the Group is not in scope of the Pillar Two model rules.

Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has adopted the amendments to SFRS(I) 1-12 for the first time in the current year. The amendments narrow the scope of the initial recognition exemption, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences (e.g. leases and decommissioning obligations). Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

The Group had not previously recognised deferred tax for leases on an aggregate temporary difference basis as this was not material to the Group. Following the amendments, the Group is required to recognise separately deferred tax asset and deferred tax liability for the deductible and taxable temporary differences in relation to its lease liabilities and right-of-use assets respectively, which are now disclosed in Note 22. There was no impact to the opening retained earnings as at 1 January 2022 as a result of the change, and there was also no impact on the statement of financial position as the resulting deferred tax consequences qualify for offsetting under SFRS(I) 1-12.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Details of the Group's significant subsidiaries and composition of the Group are disclosed in Note 13.

Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the those of the Group. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interests in subsidiaries are identified separately from the Group's equity and are initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to the acquisition date, the carrying amounts of non-controlling interests are adjusted for the non-controlling interests' share of changes in equity. Losses are attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Company's separate financial statements

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

Foreign currency transactions and translation

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.



NOTES TO FINANCIAL STATEMENTS

31 December 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currency transactions and translation (Continued)

In preparing the financial statements of the respective Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Upon the disposal of the entire interest in a foreign operation during the year, all of the exchange differences accumulated in the foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fair value measurement (Continued)

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- 2) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets are initially measured at fair value (except for trade receivables that do not have a significant financing component which are measured at transaction price), net of transaction costs that are directly attributable to the acquisition or issue of financial assets (other than those at fair value through profit or loss). Transaction costs directly attributable to the acquisition or issue of financial assets at fair value through profit or loss are recognised immediately in profit or loss.



NOTES TO FINANCIAL STATEMENTS

31 December 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Classification of financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost, FVTOCI or FVTPL based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group classifies its financial assets in the following measurement categories. The basis of classification and subsequent measurement of the financial assets are further described in the respective notes.

Measurement category	Criteria	Financial assets
Financial assets at amortised cost	Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	Cash and cash equivalents (Note 7) Trade receivables (Note 8) Other receivables (Note 9) Lease receivables (Note 12)
Equity instruments designated as at FVTOCI	On initial recognition of certain equity instruments that are not held for trading, the Group has made an irrevocable election (on an instrument-by-instrument basis) to present subsequent changes in the instruments' fair value in other comprehensive income	Unlisted shares (Note 15)
Financial assets at FVTPL	Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL	Short-term note and quoted equity shares (Note 14)

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on trade receivables and other receivables, contract assets and other debt instruments that are measured at amortised cost or at FVTOCI.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The ECL incorporates forward-looking information and is a probability-weighted estimate of the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. Details about the Group’s credit risk management and impairment policies are disclosed in Note 4.

Derecognition of financial assets

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

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.



NOTES TO FINANCIAL STATEMENTS

31 December 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables and borrowings. These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities, and are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Capital reserve

Capital reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S MATERIAL ACCOUNTING POLICIES

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements, except for those involving estimation uncertainties as disclosed below.

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

- Note 8 "Trade receivables": *Allowance for trade receivables*
- Note 10 "Inventories": *Allowance for inventories*
- Note 11 "Property, plant and equipment": *Impairment of cranes and aerial lifts classified as property, plant and equipment*

NOTES TO FINANCIAL STATEMENTS

31 December 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL STRUCTURE

(a) Categories of financial instruments

The following table sets out the categories of financial instruments as at the end of the reporting period:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets				
Financial assets at amortised cost	57,129	48,769	36,986	38,655
Financial assets measured at FVTPL	349	2,230	349	2,230
Financial assets measured at FVTOCI	700	–	700	–
	58,178	50,999	38,035	40,885
Financial liabilities				
Financial liabilities at amortised cost	5,733	5,172	16,508	18,675
Lease liabilities	8,720	8,270	8,720	8,270
Derivative instruments not designated in hedge accounting relationships	2	138	2	138
	14,455	13,580	25,230	27,083

(b) Financial risk management policies and objectives

The financial risk management of the Group is handled by management of the Company as part of the operations of the Group. Management seeks to mitigate risk through monitoring of exposures to financial risks arising on the normal course of operations. The Group may enter into foreign exchange forward contracts to mitigate its foreign exchange exposure from time to time.

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk.

The credit policy sets out the guidelines on extending credit terms to customers, including assessment and valuation of customers' credit reliability and periodic review of their financial status to determine credit limits to be granted.



NOTES TO FINANCIAL STATEMENTS

31 December 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL STRUCTURE (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(i) Credit risk management (Continued)

Of the trade receivables balance at the end of the year, \$6.2 million (2022: \$4.1 million) is due from 3 of the Group's largest debtors. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to the 3 customers did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

As at 31 December 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold collateral to cover its credit risks associated with its financial assets.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL (other than trade receivables without significant financing component)
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL STRUCTURE (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk management (Continued)

The tables below detail the credit quality of the Group's trade and other receivables, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
<u>Group</u>						
<u>2023</u>						
Trade receivables	8	(*)	Lifetime ECL (simplified approach)	12,750	(1,015)	11,735
Deposits	9	Performing	12-month ECL	328	-	328
Sundry debtors	9	Performing	12-month ECL	452	-	452
					<u>(1,015)</u>	
<u>2022</u>						
Trade receivables	8	(*)	Lifetime ECL (simplified approach)	10,717	(1,264)	9,453
Deposits	9	Performing	12-month ECL	1,059	-	1,059
Sundry debtors	9	Performing	12-month ECL	206	-	206
					<u>(1,264)</u>	
<u>Company</u>						
<u>2023</u>						
Trade receivables	8	(*)	Lifetime ECL (simplified approach)	13,062	(593)	12,469
Deposits	9	Performing	12-month ECL	55	-	55
Sundry debtors	9	Performing	12-month ECL	7	-	7
Advances to subsidiaries	9	Performing	12-month ECL	1,955	-	1,955
					<u>(593)</u>	
<u>2022</u>						
Trade receivables	8	(*)	Lifetime ECL (simplified approach)	15,739	(768)	14,971
Deposits	9	Performing	12-month ECL	292	-	292
Sundry debtors	9	Performing	12-month ECL	42	-	42
Advances to subsidiaries	9	Performing	12-month ECL	2,199	(108)	2,091
					<u>(876)</u>	

NOTES TO FINANCIAL STATEMENTS

31 December 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL STRUCTURE (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk management (Continued)

(*) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 8 include further details on the loss allowance for these receivables.

(ii) Interest rate risk management

The Group's and Company's exposure to changes in interest rates relates primarily to interest-bearing lease liabilities as disclosed in Note 21 for which interest rates are fixed.

No sensitivity analysis is prepared as the Group and the Company does not expect any material effect on the Group's and Company's profit or loss and equity arising from the effects of reasonably possible changes to interest rates on interest-bearing financial instruments at the end of the reporting period.

(iii) Foreign currency risk management

The Group operates internationally, giving rise to market risk from changes in foreign exchange risks. As far as possible, the Group relies on natural hedge of matching foreign currency denominated assets and liabilities of the same currency. The Group may enter into foreign exchange forward contracts to mitigate its foreign exchange exposure from time to time.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies, are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Japanese yen	226	3,653	210	275	226	3,653	210	275
Malaysian ringgit	7	7	-	-	7	7	-	-
Singapore dollar	11	1,151	-	-	-	-	-	-
United States dollar	5,139	5,024	15	68	974	155	-	-
Euro	8	-	-	-	9	-	-	-
Chinese Yuan	9	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

31 December 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL STRUCTURE (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(iii) Foreign currency risk management (Continued)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. The 10% sensitivity rate used, represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit for the year will increase/(decrease) by:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Impact arising from</u>				
Japanese yen	(2)	(338)	(2)	(338)
Malaysian ringgit	(1)	(1)	(1)	(1)
Singapore dollar	(1)	(115)	-	-
United States dollar	(512)	(496)	(97)	(16)
Euro	(1)	-	(1)	-
Chinese Yuan	(1)	-	-	-

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, profit for the year will decrease/(increase) by the same amounts.

(iv) Liquidity risk management

Liquidity risk refers to the risk in which the Group may not be able to meet its short-term obligations. The Group maintains sufficient cash and cash equivalents and internally generated cash flows to finance their activities. The Group has adequate credit facilities to meet all its operational requirements.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL STRUCTURE (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(iv) Liquidity risk management (Continued)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following table details the Group's contracted maturities for non-derivative financial liabilities. The table below has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount at the financial liability at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Group						
<u>2023</u>						
Non-interest bearing Lease liabilities (fixed rate)	-	5,733	-	-	-	5,733
	3.00	3,102	3,636	3,680	(1,698)	8,720
		8,835	3,636	3,680	(1,698)	14,453
<u>2022</u>						
Non-interest bearing Lease liabilities (fixed rate)	-	5,172	-	-	-	5,172
	3.00	2,162	3,838	3,980	(1,710)	8,270
		7,334	3,838	3,980	(1,710)	13,442
Company						
<u>2023</u>						
Non-interest bearing Lease liabilities (fixed rate)	-	16,508	-	-	-	16,508
	3.00	3,102	3,636	3,680	(1,698)	8,720
		19,610	3,636	3,680	(1,698)	25,228
<u>2022</u>						
Non-interest bearing Lease liabilities (fixed rate)	-	18,675	-	-	-	18,675
	3.00	2,162	3,838	3,980	(1,710)	8,270
		20,837	3,838	3,980	(1,710)	26,945

NOTES TO FINANCIAL STATEMENTS

31 December 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL STRUCTURE (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(iv) Liquidity risk management (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial assets

All the non-derivative financial assets are repayable within one year and non-interest bearing (Notes 8 and 9), except for short-term interest on cash balances (Note 7), financial assets at FVTPL (Note 14) and financial assets at FVTOCI (Note 15) which are relatively insignificant to the Group and the Company.

Derivative financial instruments

The Group and Company's derivative financial instruments comprise foreign exchange forward contracts amounting to a liability of \$2,000 (2022: \$138,000) (Note 18).

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to financial statements.

The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following level:

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

NOTES TO FINANCIAL STATEMENTS

31 December 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL STRUCTURE (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(v) Fair value of financial assets and financial liabilities (Continued)

There was no transfer between Level 1 and Level 2 of the fair value hierarchy in the period.

	Fair value hierarchy as at 31 December 2023			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<u>Group and Company</u>				
Financial assets				
Financial assets at fair value through profit or loss (Note 14)	349	349	-	-
Financial assets at fair value through other comprehensive income (Note 15)	700	-	700	-
	1,049	349	700	-
Financial liabilities				
Derivative financial instruments (Note 18)	2	-	2	-

	Fair value hierarchy as at 31 December 2022			
	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<u>Group and Company</u>				
Financial assets				
Financial assets at fair value through profit or loss (Note 14)	2,230	430	1,800	-
Financial liabilities				
Derivative financial instruments (Note 18)	138	-	138	-

NOTES TO FINANCIAL STATEMENTS

31 December 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL STRUCTURE (CONTINUED)

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consisted of debts (which include lease liabilities as disclosed in Note 21) and equity attributable to equity holders of the Company, comprising issued share capital, retained earnings and reserves.

As a part of the review of capital structure, management considers the cost of capital and the risks associated with each source of financing. The management of capital structure includes making decisions relating to payment of dividends and the redemption of any existing loans. The Group's overall strategy remains unchanged from 2022.

5 RELATED COMPANY TRANSACTIONS

Related companies in these financial statements refer to members of the Company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless stated otherwise.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements and terms thereof are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management are as follows:

	Group	
	2023	2022
	\$'000	\$'000
Short-term benefits	3,264	2,467
Post-employment benefits	75	77
	3,339	2,544

The remuneration of directors and key management is determined by the remuneration committee having regard the performance of individuals and market trends.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at bank	9,606	19,909	7,773	16,253
Cash on hand	26	101	3	3
Fixed deposits	35,006	18,041	14,534	5,003
	44,638	38,051	22,310	21,259

As at 31 December 2023, fixed deposits bore interest from 2.65% to 5.05% per annum (2022: 3.1% to 4.5% per annum) and for a tenure of 1 month to 1 year (2022: 1 month to 1 year).

Material accounting policy information

Cash and cash equivalents comprise cash on hand and at bank and fixed deposits held by the Group. The fixed deposits can be readily converted into cash with minimal charges and is subject to an insignificant risk of changes in value. Cash and cash equivalents are subsequently measured at amortised cost.

8 TRADE RECEIVABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Outside parties	12,750	10,717	10,456	7,360
Subsidiaries	-	-	2,606	8,379
	12,750	10,717	13,062	15,739
Less: Loss allowances	(1,015)	(1,264)	(593)	(768)
	11,735	9,453	12,469	14,971

As at 1 January 2022, trade receivables from contracts with customers amounted to \$8,370,000 (net of loss allowance of \$1,518,000) and \$9,007,000 (net of loss allowance of \$768,000) for the Group and the Company respectively.

Material accounting policy information

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The credit period ranges from 30 to 180 days (2022: 30 to 180 days) and therefore classified as current. Trade receivables are initially measured at their transaction price, unless they contain significant financing components, when they are recognised at fair value. They are subsequently measured at amortised cost, less loss allowance.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

8 TRADE RECEIVABLES (CONTINUED)

ECL assessment of trade receivables

The following table details the risk profile of trade receivables from contracts with customers in accordance with the Group's historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group				
	Trade receivables – days past due				
	> 3 months and				Total
Not past due	< 3 months	< 12 months	> 12 months	\$'000	
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>2023</u>					
Estimated total gross carrying amount at default	3,715	5,781	2,222	1,032	12,750
Lifetime ECL	(6)	(19)	(132)	(858)	(1,015)
					<u>11,735</u>
<u>2022</u>					
Estimated total gross carrying amount at default	2,243	4,456	2,478	1,540	10,717
Lifetime ECL	(11)	(56)	(106)	(1,091)	(1,264)
					<u>9,453</u>
	Company				
	Trade receivables – days past due				
	> 3 months and				Total
Not past due	< 3 months	< 12 months	> 12 months	\$'000	
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>2023</u>					
Estimated total gross carrying amount at default	3,357	5,115	1,828	2,762	13,062
Lifetime ECL	(5)	(14)	(23)	(551)	(593)
					<u>12,469</u>
<u>2022</u>					
Estimated total gross carrying amount at default	1,658	5,360	5,191	3,530	15,739
Lifetime ECL	(3)	(24)	(108)	(633)	(768)
					<u>14,971</u>



NOTES TO FINANCIAL STATEMENTS

31 December 2023

8 TRADE RECEIVABLES (CONTINUED)

ECL assessment of trade receivables (Continued)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Group	
	Lifetime ECL – credit-impaired	
	2023	2022
	\$'000	\$'000
At beginning of the year	1,264	1,518
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement (Note 30)	201	(19)
Write-back of allowance for doubtful debts (Note 30)	–	(50)
Trade receivables written off	(414)	(138)
Foreign exchange gains or losses	(36)	(47)
At the end of the year	1,015	1,264

	Company	
	Lifetime ECL – credit-impaired	
	2023	2022
	\$'000	\$'000
At beginning of the year	768	768
Write-back of allowance for doubtful debts	(175)	–
At the end of the year	593	768

During the year, trade receivables amounting to \$86,000 (2022: \$Nil) were written off to profit or loss as bad debts.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

8 TRADE RECEIVABLES (CONTINUED)

ECL assessment of trade receivables (Continued)

Material accounting policy information

ECL – Trade receivables

The Group applies the simplified approach in SFRS(I) 9 to measure the loss allowance at an amount equal to lifetime ECL for trade receivables. The loss allowance is estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial position, adjusted for factors that are specific to the customers, general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group considers default has occurred when a trade receivable is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

At Company level, in determining the ECL on trade receivables from subsidiaries, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default as well as loss upon default.

Key sources of estimation uncertainty

Allowance for trade receivables

Management judgement is required in assessing the ultimate realisation of the trade receivables. This involves an assessment of the Group's historical loss rates and estimates of expected future loss rates, management's assessment of forward-looking macroeconomic factors and the eventual expected credit losses in accordance with SFRS(I) 9.

NOTES TO FINANCIAL STATEMENTS

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9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Subsidiaries	–	–	1,955	2,199
Deposits	328	1,059	55	292
Prepayments	458	566	206	206
Sundry debtors	452	1,086	7	229
	1,238	2,711	2,223	2,926
Less: Loss allowances	–	–	–	(108)
	1,238	2,711	2,223	2,818

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

	Company	
	2023 \$'000	2022 \$'000
At beginning of the year	108	142
Change in loss allowance due to new other receivables originated, net of those derecognised due to settlement	–	(34)
Written off	(108)	–
At the end of the year	–	108

Material accounting policy information

ECL – Other receivables

For purpose of impairment assessment, the other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Other receivables from subsidiaries are also considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the group of companies and there has been no significant increase in the risk of default on the amounts due from subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses.

In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO FINANCIAL STATEMENTS

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10 INVENTORIES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cranes and aerial lifts	3,651	4,008	2,572	2,048
Goods-in-transit	339	1,736	-	1,596
	3,990	5,744	2,572	3,644

The cost of inventories recognised as an expense was \$Nil (2022: \$Nil) in respect of write-off of inventory.

Material accounting policy information

Inventories, comprising mainly cranes and aerial lifts, are stated at the lower of cost and net realisable value. For purchase of inventories, cost of cranes and aerial lifts is determined on specific identification cost basis and comprises the costs of purchase and other costs incurred in bringing the inventories to their present location and condition. For inventories transferred from property, plant and equipment with the intention to sell, the deemed cost of the inventories are their net carrying value at the date of change in use. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated selling expenses.

Key sources of estimation uncertainty

Allowance for inventories

In determining the net realisable value of the cranes and aerial lifts classified as inventories, an estimation of the recoverable amount of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. Management judgement regarding future market and economic conditions is involved in determining the net realisable value of inventories.

NOTES TO FINANCIAL STATEMENTS

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11 PROPERTY, PLANT AND EQUIPMENT

	Assets								Total \$'000
	under construction \$'000	Freehold land \$'000	Leasehold land \$'000	Workshop building \$'000	Cranes \$'000	Aerial lifts \$'000	Motor vehicles \$'000	Plant and equipment \$'000	
Group									
Cost:									
At 1 January 2022	-	3,004	505	6,715	79,715	10,008	3,612	3,468	107,027
Additions	-	-	-	-	7,083	-	285	22	7,390
Transfer from inventories	-	-	-	-	11,453	4,007	-	-	15,460
Transfer to inventories	-	-	-	-	(17,696)	(2,077)	-	-	(19,773)
Disposals	-	-	-	-	-	-	(725)	(226)	(951)
Exchange differences	-	(183)	(31)	(168)	(2,044)	(43)	(88)	(140)	(2,697)
At 31 December 2022	-	2,821	474	6,547	78,511	11,895	3,084	3,124	106,456
Additions	5,448	-	-	-	5,586	-	111	21	11,166
Transfer from inventories	-	-	-	-	10,750	4,763	-	-	15,513
Transfer to inventories	-	-	-	-	(32,843)	(1,634)	-	-	(34,477)
Disposals	-	(2,738)	-	(1,806)	-	-	(707)	(711)	(5,962)
Written off	-	-	-	-	-	(45)	-	(343)	(388)
Exchange differences	-	(83)	(29)	(99)	(590)	-	(36)	(45)	(882)
At 31 December 2023	5,448	-	445	4,642	61,414	14,979	2,452	2,046	91,426
Accumulated depreciation:									
At 1 January 2022	-	-	68	3,626	33,729	3,605	3,212	2,702	46,942
Depreciation for the year	-	-	14	219	5,209	978	205	200	6,825
Transfer to inventories	-	-	-	-	(9,041)	(952)	-	-	(9,993)
Disposals	-	-	-	-	-	-	(695)	(224)	(919)
Exchange differences	-	-	(5)	(16)	(755)	(29)	(79)	(102)	(986)
At 31 December 2022	-	-	77	3,829	29,142	3,602	2,643	2,576	41,869
Depreciation for the year	-	-	13	213	4,693	1,214	186	133	6,452
Transfer to inventories	-	-	-	-	(16,385)	(729)	-	-	(17,114)
Disposals	-	-	-	(256)	-	-	(655)	(493)	(1,404)
Written off	-	-	-	-	-	(5)	-	(293)	(298)
Exchange differences	-	-	(5)	(10)	(169)	1	(35)	(35)	(253)
At 31 December 2023	-	-	85	3,776	17,281	4,083	2,139	1,888	29,252

NOTES TO FINANCIAL STATEMENTS

31 December 2023

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Assets								Total \$'000
	under construction \$'000	Freehold land \$'000	Leasehold land \$'000	Workshop building \$'000	Cranes \$'000	Aerial lifts \$'000	Motor vehicles \$'000	Plant and equipment \$'000	
<u>Group</u>									
Impairment:									
At 1 January 2022	-	-	-	-	742	90	-	-	832
Transfer to inventories	-	-	-	-	(46)	(28)	-	-	(74)
Exchange differences	-	-	-	-	(64)	-	-	-	(64)
At 31 December 2022	-	-	-	-	632	62	-	-	694
Transfer to inventories	-	-	-	-	(336)	(1)	-	-	(337)
Exchange differences	-	-	-	-	(21)	-	-	-	(21)
At 31 December 2023	-	-	-	-	275	61	-	-	336
Carrying amount:									
At 31 December 2022	-	2,821	397	2,718	48,737	8,231	441	548	63,893
At 31 December 2023	5,448	-	360	866	43,858	10,835	313	158	61,838

NOTES TO FINANCIAL STATEMENTS

31 December 2023

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Assets under construction	Workshop building	Cranes	Motor vehicles	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Company</u>						
Cost:						
At 1 January 2022	–	3,951	54,857	2,242	1,462	62,512
Additions	–	–	7,083	285	17	7,385
Transfer from inventories	–	–	6,718	–	–	6,718
Transfer to inventories	–	–	(11,542)	–	–	(11,542)
Disposal	–	–	–	(465)	(23)	(488)
At 31 December 2022	–	3,951	57,116	2,062	1,456	64,585
Additions	5,448	–	5,586	–	6	11,040
Transfer from inventories	–	–	9,673	–	–	9,673
Transfer to inventories	–	–	(14,164)	–	–	(14,164)
Disposal	–	–	–	(421)	(20)	(441)
Written off	–	–	–	–	(5)	(5)
At 31 December 2023	5,448	3,951	58,211	1,641	1,437	70,688
Accumulated depreciation:						
At 1 January 2022	–	3,398	24,146	2,045	1,314	30,903
Depreciation for the year	–	158	3,829	137	60	4,184
Transfer to inventories	–	–	(6,813)	–	–	(6,813)
Disposal	–	–	–	(465)	(23)	(488)
At 31 December 2022	–	3,556	21,162	1,717	1,351	27,786
Depreciation for the year	–	158	3,858	136	49	4,201
Transfer to inventories	–	–	(9,293)	–	–	(9,293)
Disposal	–	–	–	(421)	(20)	(441)
Written off	–	–	–	–	(5)	(5)
At 31 December 2023	–	3,714	15,727	1,432	1,375	22,248

NOTES TO FINANCIAL STATEMENTS

31 December 2023

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Assets under construction \$'000	Workshop building \$'000	Cranes \$'000	Motor vehicles \$'000	Plant and equipment \$'000	Total \$'000
<u>Company</u>						
Impairment:						
At 1 January 2022	-	-	46	-	-	46
Transfer to inventories	-	-	(46)	-	-	(46)
At 31 December 2022 and 2023	-	-	-	-	-	-
Carrying amount:						
At 31 December 2022	-	395	35,954	345	105	36,799
At 31 December 2023	5,448	237	42,484	209	62	48,440

NOTES TO FINANCIAL STATEMENTS

31 December 2023

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In 2022, where there are indicators of impairment, the Group carried out a review of the recoverable amount of its cranes and aerial lifts, having regard to the future market and economic conditions. These assets are used in the Group’s rental segment. Impairment loss, if any, is included in the other operating expenses line item in the consolidated statement of profit or loss and other comprehensive income. The Group determined the recoverable amounts of these assets based on value-in-use calculations which require the use of key estimates such as rental rates and utilisation rates. The discount rates used in measuring value-in-use ranges within 7.0% to 9.0% per annum. Based on management’s assessment, there are no indicators of impairment of property, plant and equipment in 2023.

As at 31 December 2023, the carrying amount of leased assets classified within property, plant and equipment with corresponding lease liabilities (Note 21) of the Group and Company amounted to \$11,673,000 (2022: \$7,852,000).

Details of the freehold land, leasehold land and building held by the Group as at 31 December are as follows:

<u>Location</u>	<u>Gross area (sq.m)</u>	<u>Tenure</u>	<u>Use</u>
<u>2023</u>			
<u>Leasehold land</u>			
PTB 1472, Mukim Tanjung Surat, Kota Tinggi, Johor 81100	8,741	37 years from October 2016	Office and yard
<u>Workshop building</u>			
26 Gul Road Singapore 629346	14,176	45 years from October 2000	Office and yard
<u>2022</u>			
<u>Freehold land</u>			
Lot 50622, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam Selangor	9,853	Freehold	Office and yard
<u>Leasehold land</u>			
PTB 1472, Mukim Tanjung Surat, Kota Tinggi, Johor 81100	8,741	37 years from October 2016	Office and yard
<u>Workshop building</u>			
26 Gul Road Singapore 629346	14,176	45 years from October 2000	Office and yard

NOTES TO FINANCIAL STATEMENTS

31 December 2023

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Material accounting policy information

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment loss.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than freehold land which is not depreciated, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land	–	Over lease period of 37 years
Workshop building	–	Over lease period of 25 years
Cranes	–	6.67% and 10%
Aerial lifts	–	10%
Motor vehicles	–	20%
Plant and equipment	–	10% to 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leased assets are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment, other than for cranes and aerial lifts that are transferred to inventories, is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. The sales consideration and deemed cost of cranes and aerial lifts that are transferred to inventories and subsequently disposed of are recognised as revenue and cost of sales respectively when the cranes and aerial lifts are transferred to the customer.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

Key sources of estimation uncertainty

Impairment of cranes and aerial lifts classified as property, plant and equipment

The management assesses whether there are any indicators of impairment of its cranes and aerial lifts classified as property, plant and equipment (“PPE”). For those PPE where there are such indicators, the management estimates the recoverable amounts of these assets to determine the extent of the impairment loss, if any. The recoverable amounts of these assets are determined based on value-in-use calculations which require the use of key estimates such as rental rates and utilisation rates.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

12 RIGHT-OF-USE ASSETS

The Group leases leasehold land and dormitory units. The leasehold land with remaining lease term of 22 years. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

Right-of-use assets

	JTC Corporation		
	("JTC") Land	Dormitory	Total
	\$'000	\$'000	\$'000
<u>The Group</u>			
Cost:			
At 1 January 2022	4,238	315	4,553
Addition	–	97	97
Written-off	–	(236)	(236)
At 31 December 2022	4,238	176	4,414
Written-off	–	(85)	(85)
At 31 December 2023	4,238	91	4,329
Accumulated depreciation:			
At 1 January 2022	543	237	780
Depreciation	182	84	266
Written-off	–	(236)	(236)
At 31 December 2022	725	85	810
Depreciation	181	91	272
Written-off	–	(85)	(85)
At 31 December 2023	906	91	997
Carrying amount:			
At 31 December 2022	3,513	91	3,604
At 31 December 2023	3,332	–	3,332

NOTES TO FINANCIAL STATEMENTS

31 December 2023

12 RIGHT-OF-USE ASSETS (CONTINUED)

Right-of-use assets (Continued)

	JTC Corporation		
	("JTC") Land	Dormitory	Total
	\$'000	\$'000	\$'000
<u>The Company</u>			
Cost:			
At 1 January 2022	3,642	315	3,957
Addition	–	97	97
Written-off	–	(236)	(236)
At 31 December 2022	3,642	176	3,818
Written-off	–	(85)	(85)
At 31 December 2023	3,642	91	3,733
Accumulated depreciation:			
At 1 January 2022	280	237	517
Depreciation	95	84	179
Written-off	–	(236)	(236)
At 31 December 2022	375	85	460
Depreciation	94	91	185
Written-off	–	(85)	(85)
At 31 December 2023	469	91	560
Carrying amount:			
At 31 December 2022	3,267	91	3,358
At 31 December 2023	3,173	–	3,173

The Group made upfront payment(s) in full to secure the right-of-use of certain leasehold land. This leasehold land, with net book value amounting to \$360,000 (2022: \$397,000) is presented within property, plant and equipment (Note 11).

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 11.

As at 31 December 2023, the Company has current and non-current lease receivables amounting to \$176,000 (2022: \$96,000) and \$Nil (2022: \$176,000) from its subsidiary arising from the subleasing of office premises within the JTC Corporation Land.

Accounting policy for right-of-use assets is disclosed in Note 21.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2023 \$'000	2022 \$'000
Unquoted equity shares – at cost	6,641	6,641
Loan to subsidiaries	10,137	19,372
Less: Impairment loss	(6,421)	(4,731)
	10,357	21,282

The loan amount is unsecured and repayment is at the discretion and ability of the subsidiaries. Accordingly, the loan to subsidiaries is deemed as part of the investment in subsidiaries.

The details of the Group's subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activity
		2023 %	2022 %	
Held by the Company				
Sin Heng Aerial Lifts Pte Ltd ⁽¹⁾	Singapore	100	100	Rental and trading of aerial lifts.
SH Heavy Machinery Sdn Bhd ⁽²⁾	Malaysia	100	100	Rental and trading of cranes.
Sin Heng Vina Co. Ltd ⁽⁴⁾	Vietnam	100	100	Dormant.
SH Equipment Pte Ltd ⁽³⁾	Singapore	100	100	Trading of equipment.
PT SH Machinery Indonesia ⁽⁴⁾	Indonesia	100	100	Trading of spare parts.
SH Equipment Holdings Sdn Bhd ⁽⁴⁾	Malaysia	100	100	Investment holding.
Held by subsidiaries				
SH Equipment (Myanmar) Company Limited ⁽⁴⁾	Myanmar	100	100	Rental of equipment.
Bestari Industrial Holdings Sdn Bhd ("Bestari") ⁽⁴⁾	Malaysia	100	100	Investment holding.

⁽¹⁾ Audited by Deloitte & Touche LLP, Singapore.

⁽²⁾ Audited by Deloitte & Touche LLP, Malaysia.

⁽³⁾ Audited by Baker Tilly TFW LLP, Singapore.

⁽⁴⁾ Not audited as the subsidiary is not material for the Group's consolidated financial statements. Unaudited management accounts were used for consolidation purposes.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2023 \$'000	2022 \$'000
Current:		
(a) Short-term note	–	1,800
Non-current:		
(b) Quoted equity shares, at fair value	349	430
	349	2,230

The investments comprise:

- (a) in 2022, investment in short-term note which offered the Group and the Company the opportunity for return through interest income at 3.85% per annum. The investment had a maturity period of 3 months. The fair value of this investment was based on the quoted closing market prices on the last market day of the financial year. The investment matured in January 2023.
- (b) investments in quoted equity securities that offer the Group and the Company the opportunity for return through dividend income and fair value gains. The fair value of these shares are based on the quoted closing market prices on the last market day of the financial year.

The investments are measured at fair value through profit or loss in accordance with SFRS(I) 9, as they represent an identified portfolio of investments which the Group and Company manage together with an intention of profit taking when the opportunity arises.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The investment comprises of unlisted shares that offer the Group and the Company the opportunity for return through fair value gains. In 2023, the fair value of these unlisted shares is based on net tangible assets of the underlying investments, which considered the most recent transacted prices of the underlying investments in the funds which approximate fair values.

The Group has elected to designate these investments in equity instruments as at FVTOCI as these equity instruments are held for medium to long-term strategic purposes.

Material accounting policy information

Equity instruments designated as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with any gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings. Dividends received in respect of these investments are recognised in profit or loss in accordance with SFRS(I) 9 and are disclosed in 'Other operating income' line item.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

16 OTHER ASSETS

	Group and Company	
	2023	2022
	\$'000	\$'000
Golf club memberships	69	69
Allowance for impairment	(59)	(59)
Golf club memberships, at fair value	10	10

17 BILLS PAYABLE

In 2022, the bills payables were unsecured, and repayable within a month. These bills payables were fully repaid in January 2023.

18 DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company			
	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000
Foreign currency forward contracts	-	(2)	-	(138)

The Group utilises foreign currency forward contracts to purchase and sell Japanese yen ("JPY") and Singapore dollar ("SGD"), in the management of its exchange rate exposures.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

	Group		Company	
	2023	2022	2023	2022
	'000	'000	'000	'000
Buy JPY	115,800	583,600	115,800	583,600

The fair value of the derivative financial assets and liabilities fall under level 2 of the fair value hierarchy. The fair values of these foreign currency forward contracts are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.

The loss in fair value of the forward foreign exchange contract was \$2,000 in 2023 (2022: \$138,000) and this has been recorded in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

19 TRADE PAYABLES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Outside parties	1,044	992	913	698
Subsidiary	–	–	11,132	8,572
	1,044	992	12,045	9,270

The average credit period on purchases of goods is 30 to 90 days (2022: 30 to 90 days). No interest is charged on the outstanding balance.

20 OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Outside parties	20	181	2	11
Subsidiary	–	–	35	5,810
Accrued expenses	4,246	2,724	4,011	2,360
Deposits received	423	140	415	89
	4,689	3,045	4,463	8,270

Accrued expenses principally comprise amounts outstanding for personnel-related costs and other ongoing costs.

21 LEASE LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Maturity analysis:				
Within one year	3,102	2,162	3,102	2,162
In the second to fifth year inclusive	3,636	3,838	3,636	3,838
After five years	3,680	3,980	3,680	3,980
	10,418	9,980	10,418	9,980
Less: Unearned interest	(1,698)	(1,710)	(1,698)	(1,710)
	8,720	8,270	8,720	8,270
Analysed as:				
Current	2,914	2,038	2,914	2,038
Non-current	5,806	6,232	5,806	6,232
	8,720	8,270	8,720	8,270

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

21 LEASE LIABILITIES (CONTINUED)

Changes in liabilities arising from financing activities

The table below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Non-cash changes					31 December 2023 \$'000
	1 January	Financing	Acquisition	New lease	Foreign	
	2023	cash flow		liabilities	exchange	
	\$'000	\$'000	\$'000	\$'000	movement	
Lease liabilities (Note 21)	8,270	(2,878)	3,328	–	–	8,720

	Non-cash changes					31 December 2022 \$'000
	1 January	Financing	Acquisition	New lease	Foreign	
	2022	cash flow		liabilities	exchange	
	\$'000	\$'000	\$'000	\$'000	movement	
Lease liabilities (Note 21)	4,500	(890)	4,563	97	–	8,270

Material accounting policy information

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. A right-of-use asset and a corresponding lease liability are recognised with respect to all lease arrangements, except for short-term leases (those with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease, and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the Group's lease liabilities comprise mainly of fixed lease payments over the lease terms.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

21 LEASE LIABILITIES (CONTINUED)

Changes in liabilities arising from financing activities (Continued)

Material accounting policy information (Continued)

The Group as lessee (Continued)

A right-of-use asset is initially measured at cost comprising the initial lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs and any restoration costs. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the lease terms commencing from the date of the lease, and are tested for impairment in accordance with the policy similar to that adopted for property, plant and equipment in Note 11.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Lease liability is remeasured by discounting the revised lease payments using a revised discount rate when there is a change in the lease term upon exercising extension options not previously included in the determination of the lease term. A corresponding adjustment is made to the related right-of-use asset.

The Group's right-of-use assets are disclosed in Note 12 and management has assessed that there is no indication of impairment for its right-of-use assets.

22 DEFERRED TAX LIABILITIES

Movements of the net deferred tax liabilities recognised are as follows:

	Accelerated tax depreciation \$'000	Right-of-use assets \$'000	Lease liabilities \$'000	Total \$'000
Group				
Balance at 1 January 2022	6,712	641	(647)	6,706
Charge/(Credit) to profit or loss (Note 29)	491	(28)	28	491
Exchange differences	(134)	–	–	(134)
Balance at 31 December 2022	7,069	613	(619)	7,063
(Credit)/Charge to profit or loss (Note 29)	(1,005)	(47)	47	(1,005)
Exchange differences	(194)	–	–	(194)
Balance at 31 December 2023	5,870	566	(572)	5,864
Company				
Balance at 1 January 2022	3,466	641	(647)	3,460
Charge/(Credit) to profit or loss (Note 29)	190	(28)	28	190
Balance at 31 December 2022	3,656	613	(619)	3,650
Charge/(Credit) to profit or loss (Note 29)	500	(47)	47	500
Balance at 31 December 2023	4,156	566	(572)	4,150



NOTES TO FINANCIAL STATEMENTS

31 December 2023

23 SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	'000	'000	\$'000	\$'000
Number of ordinary shares				
Issued and paid-up:				
At beginning and end of the year	114,889	114,889	41,846	41,846

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

24 TREASURY SHARES

	Group and Company			
	2023	2022	2023	2022
	'000	'000	\$'000	\$'000
Number of ordinary shares				
At beginning of the year	1,476	1,476	591	591
Repurchased during the year	3,690	–	1,747	–
At the end of the year	5,166	1,476	2,338	591

In 2023, the Company acquired 3,690,000 of its own shares through purchases on the Singapore Exchange. The total amount paid to acquire the shares was approximately \$1,747,000 and has been deducted from shareholder's equity.

25 REVENUE

	Group	
	2023	2022
	\$'000	\$'000
Trading of cranes and aerial lifts recognised at a point in time	35,518	24,269
Rental of cranes and aerial lifts recognised over time	27,404	24,054
Servicing of cranes and aerial lifts recognised over time	3,308	3,247
	66,230	51,570

As permitted under SFRS(I) 15 *Revenue from Contracts with Customers*, no disclosure of transaction price allocated to the remaining performance obligation is necessary as the remaining performance obligation is part of a contract that has an original expected duration of one year or less.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

25 REVENUE (CONTINUED)

Material accounting policy information

Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of cranes and aerial lifts.
- Rental of cranes and aerial lifts.
- Servicing of cranes and aerial lifts.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of cranes and aerial lifts

The Group is involved in the trading of cranes and aerial lifts. Revenue from the sale of cranes and aerial lifts is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's location (delivery). A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time required before payment is due.

Rental of cranes and aerial lifts

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Servicing of cranes and aerial lifts

The Group is involved in the servicing of cranes and aerial lifts in relation to the rental operating segment. The servicing of cranes and aerial lifts are individually considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. Transaction prices are allocated to the services based on its stand-alone selling price.

Revenue relating to the servicing of cranes and aerial lifts is recognised over time. Management has assessed that the revenue recognition based on output method is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contracts with Customers*.



NOTES TO FINANCIAL STATEMENTS

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26 OTHER OPERATING INCOME

	Group	
	2023 \$'000	2022 \$'000
Insurance claim received	–	364
Gain on disposal of property, plant and equipment	1,291	417
Interest income	1,120	337
Foreign exchange gain	264	107
Government grants	–	77
Fair value gain arising on financial assets designated as at FVTPL	–	81
Others	304	60
	2,979	1,443

27 OTHER OPERATING EXPENSES

	Group	
	2023 \$'000	2022 \$'000
Bad debts written off	86	–
Fair value loss arising on financial assets designated as at FVTPL	81	–
Property, plant and equipment written off	90	–
Others	127	125
	384	125

28 FINANCE COSTS

	Group	
	2023 \$'000	2022 \$'000
Interest expenses on:		
– Lease liabilities	183	64
	183	64

NOTES TO FINANCIAL STATEMENTS

31 December 2023

29 INCOME TAX EXPENSE

	Group	
	2023 \$'000	2022 \$'000
Current tax:		
– Current year	2,910	303
– Overprovision in prior years	(126)	(50)
Deferred tax:		
– Current year	(1,005)	404
– Underprovision in prior years	–	87
	1,779	744

Domestic income tax is calculated at 17% (2022: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2023 \$'000	2022 \$'000
Profit before income tax	9,774	4,395
Income tax expense at the income tax rate of 17% (2022: 17%)	1,661	747
Tax effect of expenses not deductible for tax purpose	374	118
Tax effect of income not taxable in determining taxable profit	(196)	(50)
Effect of utilisation of capital allowances previously not recognised as deferred tax assets	–	(160)
Effect of different tax rates of overseas subsidiaries	84	(26)
Overprovision of current tax in prior years	(126)	(50)
Underprovision of deferred tax in prior years	–	87
Others	(18)	78
Total income tax expense	1,779	744

NOTES TO FINANCIAL STATEMENTS

31 December 2023

29 INCOME TAX EXPENSE (CONTINUED)

Material accounting policy information

Income tax expense represents the sum of current and deferred tax and is recognised in profit or loss.

Current tax

Current tax payable represents the amount expected to be paid to the taxation authority on taxable profit for the year, using tax rate enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous periods. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects the uncertainty related to income taxes.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from (i) initial recognition of goodwill; or (ii) initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit, and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rate that is expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rate that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Offsetting

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

30 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2023 \$'000	2022 \$'000
Cost of defined contribution plans included in employee benefits expense	984	1,008
Directors' remuneration	2,162	1,844
Employee benefits expense (including directors' remuneration)	14,254	13,299
Net foreign exchange (gain)/loss	(264)	107
Impairment losses/(Reversal of impairment losses) on financial assets	201	(69)
Bad debts written off	86	–
Fair value changes arising on financial assets designated as at FVTPL	81	(81)
Cost of inventories recognised as expense	25,923	18,585
Fair value changes on derivative financial instruments	(136)	38
Government grant	–	(77)
Audit fees:		
– paid to auditors of the Company and Deloitte network firms	162	151
Non-audit fees:		
– paid to auditors of the Company	19	35

Amount recognised in profit or loss relating to leases (The Group as lessee):

	2023 \$'000	2022 \$'000
Depreciation expense on right-of-use assets	272	266
Interest expense on lease liabilities	183	64

31 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

The calculation of the basic and diluted earnings per share is based on the following data:

	2023	2022
Profit for the year attributable to owners of the Company (\$'000)	7,995	3,651
Weighted average number of fully paid ordinary shares in issue ('000)	112,232	113,413
Basic and diluted earnings per share (cents)	7.12	3.22



NOTES TO FINANCIAL STATEMENTS

31 December 2023

32 DIVIDENDS

In 2022, a tax-exempt one-tier first and final dividend of 1.0 cents per ordinary share and special dividend of 4.0 cents per ordinary share, totalling \$5,671,000 was declared and paid for the financial year ended 31 December 2021.

In 2023, a tax-exempt one-tier first and final dividend of 1.0 cents per ordinary share and special dividend of 2.5 cents per ordinary share, totalling \$3,969,000 was declared and paid for the financial year ended 31 December 2022.

Subsequent to the end of the current financial year, the directors of the Company recommended that a tax-exempt one-tier first and final dividend of 1.0 cents per ordinary share and special dividend of 4.0 cents per ordinary share, totalling \$5,486,000 be paid for the financial year ended 31 December 2023. The dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and hence the proposed dividend has not been accrued as a liability as at the end of the reporting period.

33 SEGMENT INFORMATION

Goods and Services from which reportable segments derive their revenue

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

Operating segments are segregated into a single reportable operating segment if they have similar economic characteristics, such as long-term average gross margins, and are similar in respect of nature of services and processes, type of customers, methods of distribution, and/or their reported revenue, absolute amount of profit or loss and assets are not material to the consolidated totals of all operating segments.

The Group's reportable operating segments are as follows:

Segment principal activities

Equipment rental	Rental and servicing of cranes and aerial lifts
Trading	Trading of cranes and aerial lifts

Segment revenue represents revenue generated from external customers. Segment profits represents the profit earned by each segment after allocating selling expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources, the chief operating decision maker monitors the tangible and financial assets and liabilities attributable to each segment. All assets and liabilities are allocated to reportable segments. Assets and liabilities, if any, used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

33 SEGMENT INFORMATION (CONTINUED)

Goods and Services from which reportable segments derive their revenue (Continued)

Information regarding the Group's reportable segments is presented in the tables below.

	Equipment rental \$'000	Trading \$'000	Total \$'000
2023			
Revenue			
Segment revenue	30,712	35,518	66,230
Results			
Segment results	9,963	8,469	18,432
Selling expenses	(184)	(212)	(396)
Other operating income			2,979
Administrative expenses			(10,473)
Other operating expenses			(384)
Reversal of impairment loss on financial assets			(201)
Finance costs	(175)	(8)	(183)
Profit before tax			9,774
Income tax expense			(1,779)
Profit for the year			7,995
Other information			
Capital expenditure	(22,987)	(111)	(23,098)
Depreciation expense	(6,332)	(392)	(6,724)
Impairment loss on financial assets	(201)	-	(201)
Bad debts written off	(86)	-	(86)
Property, plant and equipment written off	(90)	-	(90)
Gain on disposal of property, plant and equipment	1,291	-	1,291
2022			
Revenue			
Segment revenue	27,301	24,269	51,570
Results			
Segment results	7,846	4,993	12,839
Selling expenses	(253)	(224)	(477)
Other operating income			1,443
Administrative expenses			(9,290)
Other operating expenses			(125)
Reversal of impairment loss on financial assets			69
Finance costs	(53)	(11)	(64)
Profit before tax			4,395
Income tax expense			(744)
Profit for the year			3,651
Other information			
Capital expenditure	(22,399)	(4)	(22,403)
Depreciation expense	(6,673)	(418)	(7,091)
Gain on disposal of property, plant and equipment	417	-	417
Reversal of impairment loss on financial assets, subject to ECL	69	-	69

NOTES TO FINANCIAL STATEMENTS

31 December 2023

33 SEGMENT INFORMATION (CONTINUED)

Goods and Services from which reportable segments derive their revenue (Continued)

Revenue reported above represents revenue generated from external customers.

	Equipment rental \$'000	Trading \$'000	Total \$'000
2023			
Assets and liabilities			
Segment assets	64,186	16,709	80,895
Unallocated corporate assets			46,935
Total assets			127,830
Segment liabilities	8,084	1,680	9,764
Unallocated corporate liabilities			11,863
			21,627
2022			
Assets and liabilities			
Segment assets	65,046	17,648	82,694
Unallocated corporate assets			43,002
Total assets			125,696
Segment liabilities	7,444	1,818	9,262
Unallocated corporate liabilities			11,694
			20,956

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment results represents the profit earned by each segment without allocation of central administrative expenses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performances.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

33 SEGMENT INFORMATION (CONTINUED)

Goods and Services from which reportable segments derive their revenue (Continued)

Geographical segment information

The following table provide details on the Group's revenue by location of customers by geographical area:

	Group	
	2023	2022
	\$'000	\$'000
Singapore	42,041	34,620
Indonesia	10,968	5,838
Malaysia	3,604	3,461
Myanmar	–	796
Taiwan	6,913	6,526
Japan	2,588	–
Others	116	329
	66,230	51,570

The Group's segment assets by geographical location are detailed below:

Non-current assets

<u>Property, plant and equipment</u>	2023	2022
	\$'000	\$'000
Singapore	58,714	44,960
Malaysia	3,124	16,414
Myanmar	–	2,514
Indonesia	–	5
	61,838	63,893

Major customer information

In 2023, there was two customers (2022: one) that contributed to more than 10% of the Group's revenue.



NOTES TO FINANCIAL STATEMENTS

31 December 2023

34 CAPITAL COMMITMENTS

	Group	
	2023	2022
	\$'000	\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted but not provided for in the financial statements	–	10,410
Capital commitment in respect of investment in financial assets at FVTOCI	500	–

35 OPERATING LEASE ARRANGEMENTS

The Group as lessee

As at 31 December 2023, the Group is committed to \$189,000 (2022: \$164,000) of short-term leases exempted under SFRS(I) 16.

36 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the Group and Company have not applied the following SFRS(I) pronouncements that have been issued but are not yet effective:

Effective for annual periods beginning on or after 1 January 2024

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

Effective for annual periods beginning on or after 1 January 2025

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

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

STATISTICS OF SHAREHOLDINGS

As at 19 March 2024

Total Number of Issued Shares	–	114,888,980
Total Number of Issued Shares (excluding treasury shares and subsidiary holdings)	–	109,723,500
Total Number of Treasury Shares held and Percentage	–	5,165,480 (4.71%)
Total Number of Subsidiary Holdings and Percentage	–	Nil
Class of Shares	–	Ordinary
Voting Rights	–	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 – 99	104	8.42	1,053	0.00
100 – 1,000	127	10.28	67,383	0.06
1,001 – 10,000	608	49.23	2,969,384	2.71
10,001 – 1,000,000	385	31.18	23,699,491	21.60
1,000,001 AND ABOVE	11	0.89	82,986,189	75.63
TOTAL	1,235	100.00	109,723,500	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAL HOLDINGS PTE LTD	32,273,200	29.41
2	UOB KAY HIAN PRIVATE LIMITED	25,258,100	23.02
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	6,964,940	6.35
4	SHRINIWAS RAI	3,888,460	3.54
5	PHILLIP SECURITIES PTE LTD	3,811,057	3.47
6	DBS NOMINEES (PRIVATE) LIMITED	3,704,404	3.38
7	ONG LIM WAN @ ONG TECK MENG	2,261,900	2.06
8	LIM GUAN CHONG	1,478,461	1.35
9	ENG KOON HOCK	1,232,000	1.12
10	RAFFLES NOMINEES (PTE.) LIMITED	1,108,667	1.01
11	KGI SECURITIES (SINGAPORE) PTE. LTD	1,005,000	0.92
12	NG LIN AI	718,800	0.66
13	NG JOO YOW	705,500	0.64
14	SIM SZE MAY	680,000	0.62
15	HONG LEONG FINANCE NOMINEES PTE LTD	680,000	0.62
16	OCBC SECURITIES PRIVATE LIMITED	677,800	0.62
17	TEO CHIN YEE (ZHANG JINYI)	570,000	0.52
18	HTAY HTAY NAING	549,800	0.50
19	IFAST FINANCIAL PTE. LTD.	535,500	0.49
20	SING INVESTMENTS & FINANCE NOMINEES (PTE) LTD	486,700	0.44
	TOTAL	88,590,289	80.74



STATISTICS OF SHAREHOLDINGS

As at 19 March 2024

SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2024

(As recorded in the Register of Substantial Shareholders)

No.	Name	Direct Interest		Deemed Interests	
		No. of shares held	%	No. of shares held	%
1.	TAL Holdings Pte Ltd	32,273,200	29.41	–	–
2.	Tan Ah Lye	304,000	0.28	32,273,200 ⁽¹⁾	29.41
3.	United Hope Pte. Ltd.	30,950,000 ⁽²⁾	28.21	–	–
4.	Teo Yi-Dar	1,600	0.001	30,950,000 ⁽³⁾	28.21

Notes:

- (1) Mr. Tan Ah Lye owns more than 20% of the issued and paid up shares in the capital of TAL Holdings Pte Ltd (“**TALH**”). For the purpose of Section 7 of the Companies Act 1967 of Singapore (“**Act**”), Mr. Tan Ah Lye is deemed to be interested in the shares held by TALH.
- (2) United Hope Pte. Ltd.’s direct interest in the 30,950,000 shares in the capital of the Company comprises of 24,950,000 shares are held through UOB Kay Hian Nominees Private Limited and 6,000,000 shares are held through CGS-CIMB Securities (Singapore) Pte. Ltd..
- (3) Mr Teo Yi-Dar, is deemed to be interested in 30,950,000 shares in the capital of the Company which are held by United Hope Pte. Ltd. by virtue of Section 7 of the Companies Act 1967 of Singapore.

PERCENTAGE OF SHAREHOLDING IN PUBLIC’S HANDS

Based on Shareholders’ Information as at 19 March 2024, approximately 42.09% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of Sin Heng Heavy Machinery Limited (the “**Company**”) will be held at Raffles Marina, No 10, Tuas West Drive, Singapore 638404 on Tuesday, 30 April 2024 at 10:00 a.m. to transact the business as set out below:

AS ORDINARY BUSINESSES

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2023, together with the Auditors’ Report thereon.
Resolution 1
2. To re-elect the following Directors of the Company retiring pursuant to Regulation 89 of the Constitution of the Company:–
 - (a) Mr. Tan Cheng Guan (Retiring under Regulation 89) **Resolution 2**
 - (b) Mr. Lim Keng Hoe (Lin Qinghe) (Retiring under Regulation 89) **Resolution 3**
[See Explanatory Notes (i) and (ii)]
3. To declare a first and final dividend of 1.0 Singapore cents and special dividend of 4.0 Singapore cents per ordinary share tax-exempt (one-tier) for the financial year ended 31 December 2023.
Resolution 4
4. To approve the payment of Directors’ fees of S\$135,000 for the financial year ended 31 December 2023 (2022: S\$155,932).
Resolution 5
5. To re-appoint Messrs Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
Resolution 6
6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESSES

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or



NOTICE OF ANNUAL GENERAL MEETING

- (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 of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the “**Share Issue Mandate**”)

provided that:

- (1) the aggregate number of Shares (including Shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments shall be based on the number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any 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 Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

Resolution 7

[See Explanatory Note (iii)]

8. Renewal of the Share Buy-back Mandate

That:

- (a) for the purpose of the Companies Act 1967, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the Shares (excluding treasury shares and subsidiary holdings) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) on-market purchase, transacted on the SGX-ST through the ready market on the SGX-ST trading system or through one or more duly licensed stockbrokers appointed by the Company for such purpose (each a "**On-Market Share Buy-Back**"); and/or
 - (ii) off-market purchase effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act 1967 ("**Off-Market Share Buy-Back**"),
- (the "**Share Buy-Back Mandate**");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the conclusion of the next AGM of the Company or the date by which such AGM is required by law to be held;
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the proposed Share Buy-Back Mandate is revoked or varied by ordinary resolution of the Company in a general meeting;



NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

“Average Closing Price” means the average of the closing market prices of the Shares over the last consecutive five (5) Market Days, on which transactions in the Shares were recorded on the SGX-ST, immediately before the date of the On-Market Share Buy-Back or, as the case may be, the date of the making of the offer pursuant to the Off-Market Share Buy-Back, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five (5) day period and the date of the making of the offer pursuant to the Off-Market Share Buy-Back; and

“date of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back;

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of an On-Market Share Buy-Back, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Share Buy-Back, 120% of the Average Closing Price of the Shares; and

“Prescribed Limit” means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may in their/his absolute discretion consider expedient or necessary to give effect to the transactions contemplated and/or authorised by the Share Buy-Back Mandate and/or this Resolution.

Resolution 8

[See Explanatory Note (iv)]

By Order of the Board

Ms Siau Kuei Lian
Company Secretary
Singapore, 15 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr. Tan Cheng Guan will, upon re-election as a Director of the Company remain as the Executive Director of the Company. Please refer to pages 41 to 42 of the Corporate Governance Report in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
- (ii) Mr. Lim Keng Hoe (Lin Qinghe) will, upon re-election as a Director of the Company remain as an Independent Director, the Chairman of Remuneration Committee and Nominating Committee and a member of Audit and Risk Committee of the Company and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 43 to 44 of the Corporate Governance Report in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
- (iii) Resolution 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards which issued and outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iv) Resolution 8 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of On-Market Share Buy-Back or Off-Market Share Buy-Back of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Appendix to the Notice of the AGM dated 15 April 2024 (the "Appendix"). The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy-Back Mandate on the audited consolidated financial statements of the Group (as defined in the Appendix) for the financial year ended 31 December 2023 are set out in greater detail in the Appendix.

Notes:

1. The AGM of the Company will be held in a wholly physical format at Raffles Marina, No 10, Tuas West Drive, Singapore 638404, on Tuesday, 30 April 2024 at 10:00 a.m.. **There will be no option for members to participate virtually.**
2. If a member wishes to submit questions related to the resolutions tabled for approval at the AGM, all questions must be submitted no later than 23 April 2024 by email to the Company through any of the following means:-

(a) by email to agm2024@sinheng.com.sg; or

(b) by post and lodging the same at the office of the Company at 26 Gul Road, Singapore 629346.

and provide particulars as follows:

- Full name (for individuals)/company name (for corporates) as per CDP/CPF/SRS Account records;
- NRIC or Passport Number (for individuals)/Company Registration Number (for corporates);
- Contact number and email address; and
- The manner in which the member holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its member status.

Alternatively, member may also ask question during the AGM.



NOTICE OF ANNUAL GENERAL MEETING

3. The Company will endeavour to address substantial and relevant questions received from members by 26 April 2024, 10:00 a.m., being not less than forth-eight (48) hours before the closing date and time for the lodgement of the proxy form via the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://www.sinheng.com.sg/>. The Company will also address any subsequent clarifications sought or follow-up questions at the AGM in respect of substantial and relevant matters. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions will be individually addressed. The responses from the Board and the Management of the Company shall thereafter published on the SGX-ST's website and the Company's website, together with the minutes of AGM within one (1) month after the conclusion of the AGM. The minutes will include the responses to substantial and relevant questions received from members which are addressed during the AGM.
4. A member of the Company (other than a Relevant Intermediary*), entitled to attend, speak and vote at the AGM is entitled to appoint not more than two proxies or Chairman to attend, speak and vote in his/her/its stead at the AGM of the Company. A proxy need not be a member of the Company.
5. Where a member of the Company (other than a Relevant Intermediary*) appoints more than one proxy, he/she/it shall specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy in the form of proxy.

If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies (except where the Chairman of the AGM is appointed as the member's proxy) will vote or abstain from voting at his/her/their discretion. In the absence of specific direction as to the voting given by a member, the appointment of the Chairman of the AGM as the member's proxy for the relevant resolutions will be treated as invalid.

6. A member who is a Relevant Intermediary* may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified).
7. The completed proxy form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be submitted to the Company in the following manner:
 - (a) By mail to office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) By email to agm2024@sinheng.com.sg.

In either case, by 28 April 2024, 10:00 a.m. (being forty-eight (48) hours before the time fixed for the AGM) ("Proxy Deadline"), and in default the instrument of proxy shall not be treated as valid.

8. The instrument appointing the proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
9. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967.
10. The Company shall be entitled to reject the instrument appointing the proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy or proxies (including any related attachment or supporting documents) (such as in the case where the appointor submits more than one instrument appointing the proxy or proxies).
11. Investors who hold shares through Relevant Intermediaries*, including under the CPF Investors or the SRS Investors, and who wish to appoint the Chairman of the Meeting as their proxy should approach their respective Relevant Intermediaries*, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 5:00 p.m. on 18 April 2024).
12. In the case of a member whose Shares are entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any instrument appointing the proxy or proxies lodged if such member, being appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

NOTICE OF ANNUAL GENERAL MEETING

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting any question prior to the AGM of the Company in accordance with this Notice, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions, (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities, and (v) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

The member's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes. Photographic, sound and/or video recordings of the AGM of the Company may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM of the Company. Accordingly, the personal data of a member (such as his name, his presence at the AGM of the Company and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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SIN HENG HEAVY MACHINERY LIMITED

(Company Registration No. 198101305R)
(Incorporated In the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The Annual General Meeting of the Company to be held on Tuesday, 30 April 2024, 10:00 a.m. is being convened, and will be held at Raffles Marina, No 10, Tuas West Drive, Singapore 638404 (the "AGM"). There will be no option for members to participate virtually.
2. An investor who holds Shares under the Central Provident Fund Investment Scheme ("CPF Investors") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and who wishes to appoint the Chairman of the AGM as proxy should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least 7 working days before the AGM.
3. This Proxy Form is not valid for use by CPF Investors and/or SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. Please read the notes to the proxy form.

I/We, _____ Name _____ (NRIC/Passport No./Co. Registration No.)

of _____ (Address)

being *a member/members of **SIN HENG HEAVY MACHINERY LIMITED** (the "Company"), hereby appoint

Name	NRIC/Passport No.	Email Address^	Proportion of Shareholdings	
			No. of Shares	%
Address				

and/or (delete as appropriate)

Name	NRIC/Passport No.	Email Address^	Proportion of Shareholdings	
			No. of Shares	%
Address				

or failing *him/her/them, the Chairman of the AGM of the Company as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be held at Raffles Marina, No 10, Tuas West Drive, Singapore 638404 on Tuesday, 30 April 2024 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies, to vote for or against, or to abstain on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as *my/our proxy for that resolution will be treated as invalid.

No.	Resolutions relating to:	No. of Votes 'For'**	No. of Votes 'Against'**	No. of Votes 'Abstain'**
Ordinary Businesses				
1	Adoption of the Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2023, together with the Auditors' Report thereon			
2	Re-election of Mr. Tan Cheng Guan as a Director of the Company			
3	Re-election of Mr. Lim Keng Hoe (Lin Qinghe) as a Director of the Company			
4	Payment of proposed first and final dividend of 1.0 Singapore cents and special dividend of 4.0 Singapore cents per ordinary share tax-exempt (one-tier) for the financial year ended 31 December 2023			
5	Approval of payment of Directors' fees of S\$135,000 for the financial year ended 31 December 2023 (2022: S\$155,932)			
6	Re-appointment of Messrs Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
Special Businesses				
7	Authority to issue new shares			
8	Renewal of the Share Buy-Back Mandate			

* Delete where inapplicable

** If you wish to exercise all your votes 'For' or 'Against' or 'Abstain', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Note: Please note that the short descriptions given above of the resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM for the full purpose and intent of the resolutions to be passed.

Dated this _____ day of _____ 2024

Total number of Shares held

Signature of Member(s)
and/or, Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend, speak and vote at AGM of the Company is entitled to appoint not more than two proxies or Chairman to attend, speak and vote in his/her/its stead. A proxy need not be a member of the Company.
3. Where a member of the Company (other than a Relevant Intermediary*) appoints more than one proxy, he/she/it shall specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy in the form of proxy.
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- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2024.



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Fax : (65) 6863 8616
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