INDIGO STAR HOLDINGS LIMITED
靛藍星控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8373

ANNUAL REPORT 2023

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This report, for which the directors (the "Directors") of Indigo Star Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and the Company's website at www.indigostar.sg.

All defined terms have the same meanings as set out in the prospectus of the Company dated 31 October 2017, unless otherwise defined.

Certain English translations of Chinese names or words marked with "*" are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency between the Chinese names of entities and their English translations, the Chinese names shall prevail.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Goh Cheng Seng
(Chairman and Chief Executive Officer)
Ms. Tan Soh Kuan
Mr. Ng Sai Cheong

Independent Non-Executive Directors

Mr. Ma Yiu Ho Peter
Mr. Yip Ki Chi Luke
Mr. Khu Chee Hua (Appointed on 10 August 2023)

COMPANY SECRETARY

Ms. Lo Siu Ting

COMPLIANCE OFFICER

Mr. Ng Sai Cheong

AUTHORISED REPRESENTATIVES

Mr. Goh Cheng Seng
Ms. Lo Siu Ting

AUDIT COMMITTEE

Mr. Ma Yiu Ho Peter *(Chairman)*
Mr. Yip Ki Chi Luke
Mr. Khu Chee Hua (Appointed on 10 August 2023)

REMUNERATION COMMITTEE

Mr. Khu Chee Hua *(Chairman)* (Appointed on 10 August 2023)
Mr. Goh Cheng Seng
Mr. Yip Ki Chi Luke

NOMINATION COMMITTEE

Mr. Khu Chee Hua *(Chairman)* (Appointed on 10 August 2023)
Ms. Tan Soh Kuan
Mr. Ma Yiu Ho Peter

AUDITORS

Prism Hong Kong and Shanghai Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS

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Quartz Industrial Building
Singapore 367903

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Yee Fai Building,
423–433 Chatham Road, Hung Hom
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKERS

United Overseas Bank Limited

COMPANY'S WEBSITE

www.indigostar.sg

STOCK CODE

8373

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of the Directors of Indigo Star Holdings Limited (the "Company" or "our Company", together with its subsidiaries, the "Group" or "our Group"), I would like to present the annual results of the Group for the year ended 31 December 2023 (the "Reporting Year") together with the comparative figures for the year ended 31 December 2022 to you.

On behalf of the Group, I would like to once again express our deep gratitude to all parties who have assisted us in building our business over the years.

The economy of Singapore has recovered in 2023. For the Reporting Year, our Group's revenue increased by approximately 35.8% to approximately S$44.3 million, as compared to approximately S$32.6 million for the year ended 31 December 2022 (the "Prior Year"). The increase was mainly attributable to completion of contracts in hand brought forward from the prior year, increase of projects revenue and labour supply related to contracts.

As at 31 December 2023, the Group had 11 ongoing projects.

The Group will continue to carefully evaluate the potential costs and seek for suitable projects for main contractor works and subcontracting works for business diversification to increase shareholders' return.

Besides, I would like to reiterate that Environmental, Social and Governance ("ESG") matters are utmost important for the sustainable development of the Group. The Board of Directors and management of the Company has incorporated the ESG concepts in our daily operation. The details in relation to our performance in these aspects are set out in the ESG Report.

I would like to take this opportunity to express my gratitude to all shareholders, customers and suppliers for their valuable support. I would also like to express our sincere appreciation to all the employees of the Group for their hard work and dedication.

Goh Cheng Seng
Chairman and Chief Executive Officer
27 March 2024

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. GOH Cheng Seng (吳進順先生) ("Mr. Goh"), aged 54, is our founder, executive Director, Chairman and Chief Executive Officer of the Company, and the managing director of Interno Engineering (1996) Pte. Ltd. ("IEPL"). He has over 33 years of experience in the construction industry in Singapore and Malaysia. Mr. Goh is primarily responsible for overseeing our Group's business strategy and overall management of our Group. Prior to founding our Group in 1992, Mr. Goh had accumulated around five years of experience in the construction industry in both Malaysia and Singapore. From 1987 to 1988, Mr. Goh worked as an apprentice in Energo Project Ltd., a construction company in Malaysia, where he started to gain exposure to the construction industry through participating in projects involving pore piling, precast elements and structural works. From 1989 to 1991, Mr. Goh worked for Eastern Industries Pte. Ltd., a construction company in Singapore, as a steel reinforcement scheduler responsible for preparing bar bending schedule for off-site steel reinforcement cut and bending.

Over the years, Mr. Goh has participated in and handled various large-scale projects, including the construction of Sungei Langat Water Treatment Plant at Dengkil, Selangor, Malaysia, the 25-kilometre highway from Pagoh to Ayer Keroh in Malaysia and the Seletar Sewage Treatment Plant Phase II in Singapore.

Mr. Goh has attended WSH bizSAFE Level 1 Workshop for Company CEO and Top Management conducted by Hong Tech Consultant Pte. Ltd. in February 2008. He has also completed the Building Construction Supervisor Safety Course and the Work-at-Height Course for Supervisors, both organised by Star Safety Training Pte. Ltd., in August 2015.

Mr. Goh is the spouse of Ms. Tan Soh Kuan, our executive Director, and the brother-in-law of Ms. Tan Soh Lay, our human resource and administrative director.

Ms. TAN Soh Kuan (陳素寬女士) ("Ms. Tan"), aged 52, is our executive Director. She is primarily responsible for overseeing the financial performance of our Group and ensuring compliance with our Group's policies and objectives. She was a director of IEPL from December 1996 to March 2012 responsible for monitoring staff performance, and reviewing and recommending policies on employees' welfare and incentives. She also assumed the role of financial controller of IEPL from January 2013 to December 2015. She has been responsible for the financial, human resources and administrative matters for our Group. Ms. Tan attained a specialist diploma in workplace safety and health under the Singapore Workforce Skills Qualifications awarded by the Singapore Workforce Development Agency in August 2010. Ms. Tan has attended WSH bizSAFE Level 1 Workshop for Company CEO and Top Management conducted by Greensafe International Pte. Ltd. in May 2019.

Ms. Tan is the spouse of Mr. Goh and the sister of Ms. Tan Soh Lay.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. NG Sai Cheong (伍世昌先生) ("Mr. Ng"), aged 48, is our executive Director and compliance officer. He is responsible for the overall financial aspects of our Group. Mr. Ng has more than 23 years of experience in auditing and accounting. Prior to joining our Group, Mr. Ng worked as a semi-senior at Lee Sik Wai & Co., an accounting firm, between June 1998 and April 2000. He then worked at Charles Chan, Ip & Fung CPA Limited (currently known as CCIF CPA Limited) as an auditor from April 2000 until February 2001. Between February 2001 and September 2002 and between October 2002 and September 2003, he served as a staff accountant and senior accountant, respectively, at Ernst & Young. He later joined Beauty China Holdings Limited (a company formerly listed on the Singapore Stock Exchange (stock code: B15.SG)) as an accounting manager in October 2003 and was promoted to assistant financial controller in October 2007, a position which he had held until August 2009. He then worked at Top Express Holdings Limited as its accounting manager between September 2009 and April 2012 and his last position held was chief financial officer. Mr. Ng was the financial controller of Kwan On Holdings Limited, a company listed on the Main Board of the Stock Exchange (the "Main Board") (stock code: 1559) from August 2012 to December 2018 and its company secretary from January 2013 to December 2018. Mr. Ng has been appointed as an independent non-executive director of Royal Catering Group Holdings Company Limited since 9 August 2018. Mr. Ng is the chief financial officer and company secretary of YesAsia Holdings Limited, a company listed on the Main Board (stock code: 2209) since December 2018 and August 2021, respectively.

Mr. Ng graduated from The Hong Kong University of Science and Technology in November 1998 with a bachelor of business administration degree in accounting and obtained a master of corporate governance degree from Hong Kong Metropolitan University in June 2007. Mr. Ng has been an associate of The Hong Kong Chartered Governance Institute since September 2007 and a fellow member of the Association of Chartered Certified Accountants since July 2020.

Independent non-executive Directors

Mr. MA Yiu Ho Peter (馬遙豪先生) ("Mr. Ma"), aged 59, was appointed as an independent non-executive Director on 24 October 2017 and is mainly responsible for supervising and providing independent judgment to our Board. He is also the chairman of the audit committee and a member of the nomination committee of our Company. Mr. Ma is currently the financial controller of Chyau Fwu Properties Limited, a company principally engaged in property development and hospitality. He has been a member of the Hong Kong Institute of Certified Public Accountants since February 1990 and a fellow member of the Chartered Association of Certified Accountants (UK) since April 1994. Mr. Ma obtained a Master Degree of Business Administration from the Hong Kong University of Science and Technology in November 1995. He has also been a member of the Hong Kong Institute of Directors since December 2015. Mr. Ma has over 22 years of experience in the finance and accounting field and worked as the financial controller and company secretary of The Hong Kong Parkview Group Limited (now known as Joy City Property Limited) (stock code: 207) from June 2008 to August 2012 and May 2011 to August 2012, respectively. From February 2008 to June 2008, Mr. Ma was the financial controller of VODone Limited (now known as V1 Group Limited) (stock code: 82) (the shares of these companies are listed on the Main Board). From June 2005 to September 2007, Mr. Ma was the chief financial officer of Superior Fastening Technology Limited (now known as Renewable Energy Asia Group Limited), a company listed on the Singapore Stock Exchange. From March 2010 to July 2018, Mr. Ma was an independent non-executive director of Convoy Global Holdings Limited (formerly known as Convoy Financial Holdings Limited) (stock code: 1019).

Mr. Ma has been an independent non-executive director of various companies whose shares are listed on the Stock Exchange, a summary of which is set out as follows.

Name of companies	Position	Tenure of service
China Packaging Holdings Development Limited (now known as Mobile Internet (China) Holdings Limited) (stock code: 1439)	Independent non-executive director	December 2013 to September 2020
TEM Holdings Limited (stock code: 8346)	Independent non-executive director	April 2016 to January 2021
Royal Group Holdings International Company Limited (now known as Jin Mi Fang Group Holdings Limited) (stock code: 8300)	Independent non-executive director	July 2016 to November 2023

Mr. YIP Ki Chi Luke (葉祺智先生) (“Mr. Yip”), aged 58, was appointed as an independent non-executive Director on 24 October 2017 and is mainly responsible for supervising and providing independent judgment to our Board. He is also a member of the audit committee and the remuneration committee of our Company. Mr. Yip obtained a Bachelor of Laws degree from University of London in August 1991 and a Postgraduate Certificate in Laws from The University of Hong Kong in June 1992. He was admitted as a solicitor of the High Court of Hong Kong in April 1994 and is currently a practising solicitor in Hong Kong with over 29 years of post-qualification experience in the legal profession. From May 1992 to September 1996, he worked at Messrs. P. C. Woo & Co. as a trainee solicitor and subsequently a solicitor. He then joined Messrs. Siao, Wen & Leung in October 1996 as a solicitor. From March 1997 to September 1999, Mr. Yip was a partner and subsequently a consultant at Messrs. Wong & Yip. He has been a partner of Messrs. Cheung & Yip since February 1999. Mr. Yip has been a Notary Public and Civil Celebrant in Hong Kong since 2006. He has been a China Appointed Attesting Officer since December 2015.

Mr. Yip has been appointed as an independent non-executive director of Top Standard Corporation (Stock code: 8510) since 12 September 2020.

Mr. Khu Chee Hua (邱志華先生) (“Mr. Khu”), aged 32, was appointed as an independent non-executive Director on 10 August 2023 and is mainly responsible for supervising and providing independent judgment to our Board. He is also the chairman of Nomination Committee as well as Remuneration Committee; and a member of the Audit Committee. Mr. Khu is a member of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants. He is a director of DKCA PTE. LTD. and DNA CORPORATE SERVICES PTE. LTD., which are Singapore service firms providing professional corporate accounting service. Mr. Khu has worked in the field of auditing in several corporate accounting service firms in Singapore and Malaysia..

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. TAN Kim Yem (陳錦炎先生) ("Mr. KY Tan"), aged 74, is our operation director and is responsible for establishing and developing operational plans for our Group's projects, including its tendering, execution and completion. Mr. KY Tan joined our Group in April 1996 as a site foreman, and was promoted to project manager in April 2004, and to his current position as operation director in April 2010. Mr. KY Tan completed the Safety Coordinators Training Course organised by the Academy of the Building and Construction Authority of Singapore (the "BCA") in October 2007, the Safety Management Assessment (SMA) Scheme Workshop conducted by SC2 Pte. Ltd. in January 2008, the certificate in Risk Management Course organised by QuESH Consultants (Pte) Ltd in August 2009, and the Construction Safety Course for Project Managers organised by Absolute Kinetics Consultancy Pte. Ltd. in July 2010. Mr. KY Tan is a registered CoreTrade personnel under the Construction Registration of Tradesman Scheme implemented by BCA.

Ms. TAN Soh Lay (陳素麗女士) ("Ms. Sally Tan"), aged 51, is our human resource and administrative director. Ms. Sally Tan is primarily responsible for overseeing our Group's administrative and human resources activities, and reporting to our executive Directors on human resources issues, strategies and solutions. Ms. Sally Tan joined our Group in August 1998 as an administrative and accounting assistant, and was promoted to human resources and accounting executive in August 2001, and to human resources and finance manager in January 2004. Ms. Sally Tan assumed her current role in November 2016. Ms. Sally Tan was awarded a Diploma in Business Administration and Marketing in February 1998 by TMC Business School in Singapore. Ms. Sally Tan has successfully completed the Awareness & Internal Auditor training on ISO9001: 2015/ISO14001: 2015/ISO45001: 2018 in June 2021. Ms. Sally Tan is the sister of Ms. Tan and the sister-in-law of Mr. Goh.

COMPANY SECRETARY

Ms. Lo Siu Ting (盧少婷女士) ("Ms. Lo"), was appointed as Company Secretary of the Company on 7 January 2022. She is a Director of Hongkong Managers and Secretaries Limited, a service firm providing professional corporate services to Hong Kong listed and private companies. Ms. Lo is also a joint company secretary of Matrix Holdings Limited (stock code: 1005), a company listed on the Main Board of the Stock Exchange, responsible for general governance affairs. Ms. Lo has over 19 years of experience in the field of auditing, compliance, risk management and corporate secretarial services. Ms. Lo is currently a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. She is also an Associate of both The Hong Kong Chartered Governance Institute (formerly "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute (formerly "The Institute of Chartered Secretaries and Administrators") in the United Kingdom. Ms. Lo was awarded the title of Certified Environmental, Social and Governance Analyst CESGA by the European Federation of Financial Analysts Societies in June 2022.

Ms. Lo holds a Bachelor's Degree in Business Administration majoring in professional accountancy from The Chinese University of Hong Kong and a Bachelor's Degree in Law from University of London.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Group is an established subcontractor in Singapore specialising in providing reinforced concrete works, which mainly cover steel reinforcement works, formwork erection and concrete works. Provision of structural reinforced and concrete works in general building and civil engineering works is the only segment of the Group. The Group may provide such services either individually or as a total package comprising all three, depending on the requirements of customers. We have also venture into projects as the main contractor.

BUSINESS REVIEW

We are an established subcontractor in Singapore specialising in providing reinforced concrete work, comprising steel reinforcement works, formwork erection and concrete works. We may provide such services either individually or as a total package comprising all three, depending on the requirements of our customers. We have also ventured into projects as a main contractor. Our projects can be categorised into general building projects and civil engineering projects.

General building works refer to general construction and major repair works, piling works, finishing works, installation of doors, windows, sanitary products, curtain walling/cladding works, structural works, other special trade construction such as scaffolding and sandblasting, and production of pre-cast components. Our general building works relate primarily to the construction of hotels, hospitals, mixed development and court buildings. During the year ended 31 December 2023, we recorded revenue from general building projects of approximately S$19.1 million (2022: S$10.7), which accounted for approximately 43.1% of our total revenue (2022: 32.9%).

Civil engineering works refer to non-building construction such as the construction of roads, bridges, tunnels, railways, viaducts, water and gas pipelines, sewers, communications and power lines, marine construction as well as site-preparation and construction-related landscaping works. Our civil engineering works relate primarily to the construction of MRT stations. During the year ended 31 December 2023, we recorded revenue from civil engineering projects of approximately S$10.9 million (2022: S$5.5 million), which accounted for approximately 24.5% of our total revenue (2022: 16.7%).

As at 31 December 2023, we had 11 ongoing contracts with an aggregate outstanding contract value of approximately S$98.1 million (2022: S$96.3 million).

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023 (the "Reporting Year"), our Group recorded revenue of approximately S$44.3 million (2022: S$32.6 million), representing an increase of approximately 35.8% compared with prior year. The increase was mainly attributable to completion of contracts in hand brought forward from the prior year, increase of projects revenue and labour supply related to contracts.

Direct costs

Our Group recorded direct costs of approximately S$32.9 million for the Reporting Year (2022: S$24.6 million), representing an increase of approximately 34.0% compared with the prior year. Such increase was in line with the increase in revenue for the Reporting Year.

Gross profit and gross profit margins

For each of the year ended 31 December 2022 and 2023, our Group recorded gross profits of approximately S$8.1 million and S$11.4 million, respectively, while our gross profit margin increased from approximately 24.8% for the year ended 31 December 2022 to approximately 25.8% for the Reporting Year. The increase in gross profit margin was primarily attributable to the higher gross profits margin from labour supply and sales of tiles.

Other income, gain and (loss)

Other income was approximately S$0.06 million for the Reporting Year (2022: Other losses S$0.01 million). Other income mainly from government grants.

Administrative expenses

Administrative expenses were approximately S$9.6 million for the Reporting Year (2022: S$7.1 million). The increase was mainly attributable to the increase in salaries and other employee benefits paid and payable during the Reporting Year.

Profit for the year

As a result of the foregoing, our profit for the year amounted to approximately S$1.0 million (profit for 2022: S$0.3 million).

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group, calculated based on the total current assets divided by the total current liabilities as at 31 December 2023, was 1.5 times (2022: 1.5 times).

As at 31 December 2023, the Group had net current assets of approximately S$8.1 million (2022: S$6.6 million), including cash and cash equivalents of approximately S$10.3 million (2022: S$5.8 million).

The gearing ratio, calculated based on the total debt (including borrowings and lease liabilities) divided by total equity, was approximately 20.2% as at 31 December 2023 (2022: 30.1%) decreased mainly due to repayment of bank borrowings of approximately S$2.1 million.

CAPITAL STRUCTURE

Since the shares of the Company listed on the GEM on 16 November 2017, there has been no change in the capital structure of the Company. The share capital of the Company only comprises of ordinary shares.

As at 31 December 2023, the Company's issued share capital was HK$4.0 million (2022: HK$4.0 million) and the number of ordinary shares issued was 400,000,000 of HK$0.01 each (2022: 400,000,000 of HK$0.01 each).

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2023 (2022: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 December 2023, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies (2022: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2023, the Group did not hold any significant investments (2022: Nil).

CONTINGENT LIABILITIES AND LITIGATIONS

As at 31 December 2023, the Group was not involved in any litigation cases and the Group did not have any material contingent liabilities.

As at 31 December 2023, the Group did not have any common law claims (2022: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group's principal place of business is in Singapore, hence transactions arising from its operations were generally settled in Singapore Dollars, which is the functional currency of the Group. Apart from a portion of the cash and cash equivalents of the Group arising from the global offering is denominated in Hong Kong Dollars ("HK$"), the Group was not exposed to any significant foreign currency risk nor had employed any financial instrument for hedging.

TREASURY POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The major classes of financial assets of the Group are cash and cash equivalents, trade receivables, and other receivables.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. The Group assesses concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis. As at 31 December 2023, approximately 66.8% (2022: 37.7%) of the Group's trade receivables were due from the top three customers.

The credit risk on liquid funds is limited because the Group adopts the policy of dealing only with high credit quality counterparties. Other than concentration of credit risk on liquid funds which are deposited with a bank with a high credit rating, the Group does not have any other significant concentration of credit risk.

To ensure sufficient liquidity to meet the liabilities when fall due, the Group's policy is to monitor current and expected liquidity requirements to maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet short and long term liquidity requirements. In particular, the Group monitors and maintains a level of cash and cash equivalents assessed as adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internally generated funding and borrowings as significant sources of liquidity.

CHARGE OF GROUP'S ASSETS AND SECURITIES FOR BANKING FACILITIES

As at 31 December 2023, the Group did not have any charge (2022: Nil), save for the Group's leasehold property, investment property and pledged bank deposits of approximately S$5,100 million, S$226 million and S$0.34 million respectively which have been pledged to secure bank borrowings granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed a total of 880 (2022: 605) full-time staff, of which (i) 878 were in Singapore, including approximately 17.4% Singapore citizens and residents and approximately 82.4% foreigners; and (ii) 2 were in Hong Kong. Total employee benefit expenses, including directors' emoluments, of the Group amounted to approximately S$23.5 million for the year ended 31 December 2023 (2022: approximately S$14.5 million). Remuneration of the employees is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

SHARE OPTION SCHEME

The Group has adopted a share option scheme (the "Scheme") pursuant to which the Company may grant options to individuals including employees, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company and any subsidiary to acquire shares of the Company. The Directors consider that the Scheme assists in recruiting and retaining high calibre employees.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS AND USE OF PROCEEDS

Saved as disclosed in the prospectus of the Company dated 31 October 2017 (the "Prospectus") and the announcement dated 30 July 2020, the Group did not have other plans for material investments and capital assets.

The net proceeds from the Listing have been applied as follows:

	Planned use of proceeds up to 31 December 2023 HK$'000	Actual use of proceeds up to 31 December 2023 HK$'000
Acquiring property for the dormitory and cut and bend factory	28,500	28,500
Renovating the new dormitory and cut and bend factory	1,100	1,100
Purchasing one single production line of cut and bend system	4,000	–
Staff costs in respect of construction projects	9,200	9,200
Working Capital	500	500
	43,300	39,300

Intended use of Net Proceeds	Actual use of Net Proceeds and Intended use of Unutilised IPO Proceeds
Approximately HK$28.5 million (equivalent to approximately S$5.0 million) was planned as per the prospectus of the Company dated 31 October 2017 and the subsequent change as per the Company's announcement dated 30 July 2020, to use for the acquisition of a property ("New Property") for our cut and bend factory and our dormitory to accommodate our foreign workers.	As at 31 December 2023, approximately HK$28.5 million (equivalent to approximately S$5.0 million) was utilised for the payment of the refundable deposit for the acquisition of the New Property located at 8 Senoko Loop Singapore 758147. The acquisition of the New Property was completed on 25 February 2020 upon satisfaction of all conditions precedent.
Approximately HK$1.1 million (equivalent to approximately S$0.2 million) was planned as per the prospectus of the Company dated 31 October 2017 and the subsequent change as per the Company's announcement dated 30 July 2020, to be used for the renovation of the New Property.	The Group completed the renovation of the New Property as at 31 December 2020 and fully utilised the amount of approximately HK$1.1 million.
Approximately HK$4.0 million (equivalent to approximately S$0.7 million) was planned to be used for purchase of one single production line of cut and bend system.	As of 31 December 2023, the Group has not purchased the production line of cut and bend system as the spending has been deferred because of the impact from COVID-19.
Approximately HK$9.2 million (equivalent to approximately S$1.6 million) was planned as per the Company's announcement dated 30 July 2020, for payments to staff costs in respect of construction projects.	As of 31 December 2023, the Group has paid and utilised approximately HK$9.2 million (equivalent to approximately S$1.6 million) for staff costs in respect of construction projects.
Approximately HK$0.5 million (equivalent to approximately S$0.1 million) was planned to be used for working capital and other general corporate purposes.	Approximately HK$0.5 million (equivalent to approximately S$0.1 million) was utilised for working capital and other general corporate purposes of our Group.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives as stated in the Prospectus	Actual business progress up to 31 December 2023
Upgrade our licences so as to expand our business through bidding for larger public sector projects	The Group has obtained licence C1 Grade and B2 Grade.
Set up our dormitory and cut and bend factory	The Group has identified a suitable property and entered into a sale and purchase agreement with the Vendor, please refer to the above section of Future Plans for Material Investments and Capital Assets and Use of Proceeds for details.
Strengthen our manpower in managerial and technical expertise	The Group has recruited few qualified quantity surveyors and is in progress of recruiting high caliber staff to strengthen our team.

PROSPECT

The economic outlook of Singapore in 2024 remains largely unchanged. The Ministry of Trade and Industry ("MTI") projected that the GDP of Singapore will grow by 1% to 3%. In China, growth is likely to recover gradually only in the second half, while in the southeast Asian region, varies economies are expected to see a pickup in growth in the year ahead. The prospect in terms of construction demand remains stable.

Based on the construction demand forecast released by the Building Construction and Authority ("BCA") in January 2024, total construction in 2024 is projected to range between S$32 billion and S$38 billion, higher than last year's projection. Regarding the public sector, construction demand is mainly from public housing and infrastructure projects, including Housing and Development Board's ("HDB") new Built-To-Order ("BTO") developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 and Tuas Port developments and other major road enhancement and drainage improvement works. Regarding the private sector, construction demand mainly from residential developments under the Government Land Sales, expansion of the two Integrated Resorts, redevelopment of commercial premises, as well as development of mixed-used properties and industrial facilities.

Going forward, the Group will continue to identify main contractor works and subcontracting works to capture more potential business opportunities in Singapore. Moreover, the Group is continuing its efforts to maintain BCA workheads licences C1 Grade and B2 Grade to enable the Group to tender for a wider scope of projects. Meanwhile, to make robust development, the Group deals with risks such as credit risk and liquidity risk arising from its operations through internal risks reports which analyse exposure by degree and magnitude of risk. For credit risk management, the Group has adopted the policy to deal only with high credit quality and good history counterparties to minimise credit risk. For the liquidity risk management, the Group carefully monitors and maintains sufficient reserves of cash for expected liquidity requirements.

The funds raised from the Listing have laid a solid foundation for the future development of the Group. Looking ahead, the Group will endeavor to strengthen the development of its existing businesses and to provide steady return as well as growth prospects for the Company's shareholders.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability.

The Company has adopted and complied with the code provisions stated in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules, except for the following deviation:

Code Provision C.2.1

Code provision C.2.1 of the CG Code provides that the responsibilities between the chairman and the chief executive officer of an issuer should be segregated and should not be performed by the same individual.

However, the Company does not have a separate chairman and chief executive officer and Mr. Goh currently performs these two roles. The Directors believe that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient strategic planning for the overall development for the Group. The Directors also consider that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Group to make and implement effective and expedient decisions. The Company will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors (the "Code of Conduct") on terms no less than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries of all Directors and all of them confirmed their compliance with the Code of Conduct for the year ended 31 December 2023. The Company was not aware of any non-compliances during the year ended 31 December 2023.

BOARD OF DIRECTORS

Composition of the Board

The Board currently comprised six Directors, with three executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Goh Cheng Seng *(Chairman and Chief Executive Officer)*
Ms. Tan Soh Kuan
Mr. Ng Sai Cheong

Independent Non-executive Directors

Mr. Ma Yiu Ho Peter
Mr. Yip Ki Chi Luke
Mr. Khu Chee Hua

The biographical details of the Directors are set out in Biographical Details of Directors and Senior Management of this annual report. Save as disclosed below, none of the Directors have any relationship with other Directors and/or senior management of the Company:

(a) Mr. Goh is spouse of Ms. Tan and brother-in-law of Ms. Sally Tan;

(b) Ms. Tan is spouse of Mr. Goh and sister of Ms. Sally Tan; and

(c) Ms. Sally Tan is sister of Ms. Tan and sister-in-law of Mr. Goh.

Responsibilities of the Board

The Board is collectively responsible for managing and overseeing the operations of the Company.

It is also assumed responsibility for the leadership and control of the Company and promoting its success by directing and supervising its affairs. The Directors have to take decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from each of the Directors to perform his/her responsibilities to the Company, and whether he/she has spent time performing such responsibilities.

The Board has also established and delegated various responsibilities to the board committee with details as set out in the section headed "Committees of the Board". The Board may from time to time delegate certain responsibilities to the management if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board.

The Board also has to perform the following corporate governance functions in accordance with code provision A.2.1 of the CG Code:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Company;

(b) to review and monitor the training and continuous professional development of the Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Company and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in this corporate governance report.

Delegation by the Board

The Board reserves its decisions on all major matters of the Company, including the approval and monitoring of major policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

CORPORATE GOVERNANCE REPORT

The day-to-day management, administration and operation of the Company are delegated to certain executive Directors and the Management. The delegated functions and work tasks are reviewed from time to time. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The independent non-executive directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board.

Board Meetings

Code provision C.5.1 of the CG Code provides, among other things, that the board of an issuer should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. The Directors are appropriately notified in advance of the meetings with proposed agenda and are free to contribute alternative views at meetings. All major decisions are only adopted after deliberation at Board meetings. Directors who are considered having conflicts of interest or who have material interest in the proposed transactions or issues to be discussed will not be counted in the quorum of meetings and will abstain from voting on relevant resolutions. All directors are given the opportunity to include matters for discussion in the agenda.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are complied with, and in consultation with the compliance officer, advising the Board on compliance matters. Directors also has the liberty to seek external professional advice if so required.

During the year ended 31 December 2023, the Board held four regular meetings and five ad-hoc meetings. The attendance record of individual Directors is set out below. Figure in brackets indicates the total number of meetings held in the period in which the individual was a Director.

Directors	Attendance
Executive Directors	
Mr. Goh Cheng Seng *(Chairman and Chief Executive Officer)*	9/(9)
Ms. Tan Soh Kuan	9/(9)
Mr. Ng Sai Cheong	9/(9)
Mr. Wang Jianye (Retired on 20 June 2023)	4/(4)
Independent Non-Executive Directors	
Mr. Ma Yiu Ho Peter	9/(9)
Mr. Yip Ki Chi Luke	9/(9)
Mr. Zhou Guangguo (Retired on 20 June 2023)	4/(4)
Mr. Khu Chee Hua (Appointed on 10 August 2023)	4/(4)

Appointment, Retirement and Removal of Directors

Each of the executive Directors, namely Mr. Goh, Ms. Tan and Mr. Ng, has entered into a service contract with the Company for an initial term of three years with effect from their respective appointment dates and shall continue thereafter unless and until it is terminated by the Company or the relevant Director giving to the others not less than three months' prior notice in writing.

Each of the independent non-executive Directors, namely Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Khu Chee Hua has entered into a letter of appointment with the Company. Each letter of appointment is for an initial term of one year commencing from their respective appointment dates and shall continue thereafter unless terminated by either party giving at least one month's notice in writing.

According to Article 84 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Independent non-executive Directors

As at the date of this annual report, the Company has three independent non-executive Directors, representing more than one-third of the Board in compliance with Rule 5.05(1) and 5.05A of the GEM Listing Rules. At least one of the independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise in compliance with Rule 5.05(2) of the GEM Listing Rules.

The Company has received confirmation of independence from each of the independent non-executive Directors for the period from 1 January 2023 to 31 December 2023.

Board Diversity Policy

The Company adopted a board diversity policy (the "Board Diversity Policy"), which was amended on 12 February 2019. The Company recognised the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services, all of which the Company considers to be important to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee of the Company (the "Nomination Committee") will monitor the implementation of the Board Diversity Policy and recommend any proposed changes to the Board for approval. The Nomination Committee will from time to time review the Board Diversity Policy as appropriate to ensure its effectiveness.

For the Reporting Year, the Board comprised five (5) male directors and one (1) female director. The minimum requirement set forth in Rule 17.104 of the GEM Listing Rules is considered to be satisfied. Regarding the target and timeline of achieving further diversity at Board level, the Company will endeavor to maintain at least one (1) female director in the coming four (4) years. The Nomination Committee will continue to look for suitable female candidates to achieve further diversity.

Measures to develop a pipeline of potential successors to achieve gender diversity:

Board level

- The Board will identify potential successors internally from Senior Management as well as middle management, having regard to the industry expertise, leadership skills, decision making capabilities, communication skills and professional qualification of the staff.

- The Board will also consider outside sources such as head-hunter, referral, and The Hong Kong Institute of Directors.

Senior Management level

- The Board will identify potential successors internally from middle management such as department heads, having regard to the industry expertise, leadership, decision making capabilities, communication skills and professional qualification of the staff.

- The Board will also consider outside sources such as head hunter, referral, and open recruitment.

The total workforce of the Group comprised 96.0% males and 4.0% females as at 31 December 2023.

Induction and Continuing Professional Development

Every newly appointed Director is provided with a comprehensive induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations. Code provision C.1.4 of the CG Code provides that all directors of an issuer should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the board remains informed and relevant. For the Reporting Year, all Directors participated in the training courses regarding directors' responsibilities and obligations under the GEM Listing Rules, the CG Code and the Companies Ordinance (Cap 622, the laws of Hong Kong).

COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to various committees. In accordance with the Articles and the GEM Listing Rules, the Company formed three board committees, namely, the audit committee, the remuneration committee and the nomination committee.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 24 October 2017 in accordance with Rule 5.28 of the GEM Listing Rules with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Audit Committee comprises three members, namely Mr. Ma Yiu Ho Peter (chairman), Mr. Yip Ki Chi Luke and Mr. Khu Chee Hua.

The principal responsibilities of the Audit Committee include:

(a) reviewing the Company's annual financial statements;

(b) reviewing and monitoring the extent of the non-audit work undertaken by external auditors;

(c) advising on the appointment of external auditors;

(d) reviewing the effectiveness of the Company's internal audit activities, internal control and risk management systems; and

(e) reviewing the whistleblowing policy.

During the Reporting Year, the Audit Committee had reviewed the quarterly, interim and annual results of the Group and discussed and approved the relevant financial reports. It has also reviewed and discussed the risk management and internal control systems of the Group and reviewed the whistleblowing policy.

The Audit Committee held four meetings during the year ended 31 December 2023. The attendance record of individual members is set out below. Figure in brackets indicates the total number of meetings held in the period in which the individual was a member of the Audit Committee.

Committee members	Attendance
Mr. Ma Yiu Ho Peter	4/(4)
Mr. Yip Ki Chi Luke	4/(4)
Mr. Zhou Guangguo (Retired on 20 June 2023)	2/(2)
Mr. Khu Chee Hua (Appointed on 10 August 2023)	2/(2)

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 24 October 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules. As at the date of this annual report, the Remuneration Committee comprises three members, namely Mr. Khu Chee Hua (chairman), Mr. Goh Cheng Seng and Mr. Yip Ki Chi Luke.

The principal responsibilities of the Remuneration Committee include:

(a) making recommendations to the Board on the Company's policy on executive directors' remuneration;

(b) determining the individual remuneration and benefits package of each of the executive directors; and

(c) recommending and monitoring the remuneration of senior management below Board level.

During the Reporting Year, the Remuneration Committee has reviewed the remuneration policy for the remuneration of executive directors and assessed the performance of executive directors.

During the year ended 31 December 2023, one Remuneration Committee meetings was held. The attendance record of individual members is set out below. Figure in brackets indicates the total number of meetings held in the period in which the individual was a member of the Remuneration Committee.

Committee members	**Attendance**
Mr. Zhou Guangguo (Retired on 20 June 2023)	1/(1)
Mr. Goh Cheng Seng	1/(1)
Mr. Yip Ki Chi Luke	1/(1)
Mr. Khu Chee Hua (Appointed on 10 August 2023)	0/(0)

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 24 October 2017 with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Nomination Committee comprises three members, namely Mr. Khu Chee Hua (chairman), Ms. Tan Soh Kuan and Mr. Ma Yiu Ho Peter.

The principal responsibilities of the Nomination Committee include:

(a) assisting the Board in discharging its responsibilities relating to the composition of the Board;

(b) evaluating the balance of skills, knowledge and experience on the Board;

(c) evaluating the size, structure and composition and diversity of the Board; and

(d) evaluating the retirements and appointments of additional and replacement directors and making appropriate recommendations to the Board on such matters.

During the Reporting Year, the Nomination Committee reviewed the structure, composition and diversity of the Board of the Company; assessed the independence of the independent non-executive Directors and the Directors to be re-elected at the 2024 annual general meeting before putting forth for discussion and approval by the Board; and also made recommendation to the Board on the appointment of directors.

During the year ended 31 December 2023, two Nomination Committee meetings were held. The attendance record of individual members is set out below. Figure in brackets indicates the total number of meetings held in the period in which the individual was a member of the Nomination Committee.

Committee members	Attendance
Mr. Zhou Guangguo (Retired on 20 June 2023)	1/(1)
Ms. Tan Soh Kuan	2/(2)
Mr. Ma Yiu Ho Peter	2/(2)
Mr. Khu Chee Hua (Appointed on 10 August 2023)	0/(0)

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements and to ensure that the consolidated financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the GEM Listing Rules.

The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Statement of the external auditor's responsibilities in respect of the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group strives to maintain the integrity of its business, results of operations and reputation by strictly adhering to an internal control system in respect of its business. The Group has therefore implemented internal control procedures and manuals covering a number of key control areas such as tendering, purchase and procurement management, financial management and safety and environment compliance management with a view to ensuring compliance by the Group with applicable laws, rules and regulations.

The Board, through the Audit Committee, is responsible for overseeing and monitoring the key measures adopted by the Group under the risk management and internal control systems relating to the business operations of the Company and assess the effectiveness regularly. Review on the key measures adopted by the Group under the risk management and internal control system relating to the Group's business operations has been conducted for the Reporting Year.

For the Reporting Year, the Company did not have an internal audit function. The Company engaged an independent internal control consultant to perform a review on the design, implementation and operating effectiveness of the Company's internal control system, including the areas of control environment, risk assessment, financial reporting and information technology. The results of the review were report to the Audit Committee and the Board and measures was seriously considered by the Company after taking into account of the findings and recommendations of the internal control consultant.

Based on the above, for the Reporting Year, the Board considered the Group's risk management and internal control system as adequate and effective.

AUDITOR'S REMUNERATION

During the Reporting Year, the fees paid/payable to the Company's auditor, Prism Hong Kong and Shanghai Limited and Nexia Singapore PAC, are set out as follows:

	S$ ('000)
Group Audit services	78
Statutory Audit Services	36
	114

DIVIDEND POLICY

The Company has adopted a dividend policy on 12 February 2019, pursuant to which, the Board considers the following factors when considering the payment of dividends:

i. general financial conditions of the Group;

ii. retained earnings and distributable reserves of the Company and each of the members of the Group;

iii. actual and future operations and liquidity positions of the Group;

iv. future cash requirements and availability of the Group, including its expected working capital requirements, capital expenditure requirements and future expansion plans;

v. any restrictions on payments of dividends that may be imposed by the Group's lenders;

vi. general market conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

vii. any other factor that the Board deems appropriate.

Any declaration and payment of future dividends under the dividend policy will be subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole. In addition, the declaration and payment of dividends may be subject to legal restrictions or any applicable laws, rules and regulations and the Articles of Association of the Company.

COMPANY SECRETARY

Ms. Lo Siu Ting ("Ms. Lo") has been appointed as the Company Secretary of the Company with effect from 7 January 2022. The biographical details of Ms. Lo are set out in the section headed Biographical Details of Directors and Senior Management of this annual report.

All Directors have access to the advice and services of the company secretary on corporate governance and board practice and matters. Mr. Ng Sai Cheong, Executive Director of the Company, has been designated at the primary contact person at the Company who would work and communicate with Ms. Lo on the Company's corporate governance and secretarial and administrative matters.

CORPORATE GOVERNANCE REPORT

COMPLIANCE OFFICER

Mr. Ng Sai Cheong is the Compliance Officer of the Company. The biographical details of Mr. Ng Sai Cheong are set out in the section headed Biographical Details of Directors and Senior Management of this annual report.

SHAREHOLDERS' RIGHTS

Right to put forward proposals at shareholders' meeting

Shareholders who wish to make proposals or move a resolution to convene an extraordinary general meeting may follow the procedures as set out in the section headed "Right to convene extraordinary general meeting" below.

Right to convene extraordinary general meeting

Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of our Company (the "requisitionist") shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself/itself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of our Board shall be reimbursed to the requisitionist(s) by our Company.

Right to put forward enquiries

Shareholders may send their written enquiries to the Board through the Company Secretary at Room 1, 1/F, Yee Fai Building, 423-433 Chatham Road, Hung Hom, Hong Kong.

CONSTITUTIONAL DOCUMENTS

The Company amended the existing memorandum and articles of association of the Company ("Memorandum and Articles of Association") in order to bring the Memorandum and Articles of Association in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the GEM Listing Rules. The amended and restated Memorandum and Articles of Association were approved at the annual general meeting of the Company on 20 June 2023.

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the Code.

INVESTORS RELATIONS

The Group has established various communication channels between the Group and its shareholders and investors, including but not limited to publication of notices and announcement through its website at www.indigostar.sg.

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements for the Reporting Year.

CORPORATE REORGANISATION AND LISTING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2017 under the Companies Law of the Cayman Islands. Pursuant to the Reorganisation, the Company became the holding company of the Group on 16 October 2017.

Further details of the Reorganisation are set out in the section headed "History, Reorganisation and Group Structure" in the prospectus dated 31 October 2017 (the "Prospectus"). The ordinary shares of the Company (the "Shares") were listed on the GEM on 16 November 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of reinforced concrete works. Details of the principal activities of its subsidiaries are set out in the note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Year.

BUSINESS REVIEW

Discussion and analysis of the business of the Group, outlook of the business and the analysis of the Group's performance for the Reporting Year and important events affecting the Group can be found in the Chairman's Statement and Management Discussion and Analysis of this annual report.

Key risks and uncertainties

The Company believes that risk management practices are important and uses its best efforts to ensure they are sufficient so as to mitigate the risks present in its operations and financial position as efficiently and effectively as possible.

The Group's key business risk exposures are summarised below:

(i) The Group's revenue during the Reporting Year was primarily generated from contracts awarded by its top five customers and any significant decrease in the number and/or the contract amount of projects with its major customers and any liquidity problems of its major customers may materially and adversely affect its financial condition and operating results;

(ii) The Group's revenue is mainly derived from projects which are non-recurring in nature and the Group may not be able to secure new customers or projects continuously;

(iii) The Group's success depends on its key personnel and its ability to attract, motivate and retain a sufficient number of competent or qualified employees;

(iv) Contract prices may not reflect the actual construction costs involved. The revenue and profitability of the Group are vulnerable to fluctuations in material costs and subcontracting costs;

(v) Failure to provide timely and quality services could materially affect the Group's financial performance as well as tarnish its reputation;

(vi) The Group's revenue and profitability generated during the Reporting Year may not be indicative of the future results of the operations;

(vii) The Group's business is dependent on the continuous provision of supplies and services by its suppliers;

(viii) The Group's plan of setting up regarding its cut and bend factory and dormitory may not be successfully implemented;

(ix) The Group could be negatively affected by the performance by its subcontractors;

(x) The Group's role as a main contractor may expose it to risk of prosecution and additional financial burden;

(xi) The Group's role as a main contractor may expose it to liquidity risks;

(xii) The Group's role as a main contractor may increase its subcontracting charges;

(xiii) Failure to collect the Group's receivables or receive the retention monies on time and in full may affect its liquidity position;

(xiv) The Group's cash flows may fluctuate due to the payment practice applied to its suppliers;

(xv) The Group may experience weak liquidity in the future as the Group had recorded net cash outflow from its operating activities in the past;

(xvi) The Group's operations may subject it to claims or the Group is exposed to litigation or dispute;

(xvii) The insurance coverage of policies maintained by the Group's customers, acting as main contractors, and the Group may be insufficient to cover all losses or potential claims arising in the course of operations;

(xviii) The Group's workforce is largely made up of foreign workers and any adverse changes in the government policies in relation to foreign workers could materially affect its operations and financial performance;

(xix) The Group's business operations involve inherent industrial risks and occupational hazards and the materialisation of such risks may tarnish its reputation as well as affect the Group's financial results;

(xx) Cancellation or suspension of or failure to renew the Group's current licenses and workheads registration may affect its operations and financial performance;

(xxi) The requirement to take out performance bonds to secure the Group's due performance of construction contracts will affect its cash flows and financial position; and

(xxii) Increase in the depreciation charge due to the additional capital expenditure may affect the Group's financial performance.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

Environmental policies and performance

The Group is committed to promoting and maintaining the environmental and social sustainable development; and complying with all relevant laws and regulations. Please refer to the separate report on environmental, social and governance matters of the Group.

Compliance with relevant laws and regulations

As far as the Directors are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the Reporting Year, there was no material breach of or non–compliance with the applicable laws and regulations by the Group.

Relationships with employees, customers and suppliers

The Group maintains a good relationship with its employees and provides its employees with competitive remuneration, good welfare benefits and continuous professional training.

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the Reporting Year, there were no material and significant dispute between the Group and its employers, suppliers, customers and/or other stakeholders. The Company has engaged the top-5 customers and top-5 suppliers for an average 8 years and 12 years respectively.

RESULTS AND DIVIDEND

The results of the Group for the Reporting Year are set out in Consolidated Statement of Profit or Loss and Other Comprehensive Income of this annual report.

The Board did not recommend the payment of a final dividend for the Reporting Year.

There is no arrangement under which a shareholder has waived or agreed to waive any dividend.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the five years ended 31 December 2019, 2020, 2021, 2022 and 2023 is set out on Financial Summary of this annual report and does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Year are set out in note 16 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements in the Company's share capital for the Reporting Year are set out in note 29 to the consolidated financial statements of this annual report.

RESERVES

Details of the movements in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity and note 30 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2023, there was no reserve available for distribution to the members of the Company.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

DIRECTORS

The Directors who held office during the year and up to the date of this annual report are as follow:

Executive Directors

Mr. Goh Cheng Seng *(Chairman and Chief Executive Officer)*
Ms. Tan Soh Kuan
Mr. Ng Sai Cheong

Independent non-executive Directors

Mr. Ma Yiu Ho Peter
Mr. Yip Ki Chi Luke
Mr. Khu Chee Hua (Appointed on 10 August 2023)

In accordance with Article 84 of the Company's Articles of Association, Mr. GOH Cheng Seng and Ms. Tan Soh Kuan will offer themselves for re-election at the forthcoming annual general meeting of the Company ("AGM").

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Group are set out in Biographical details of the Directors and Senior Management of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service agreement with the Company for an initial term of three years commencing from their appointment dates. Either party may terminate the service agreement by giving to the other not less than three months' prior notice in writing at any time during the initial term.

Each of the independent non-executive Directors entered into a letter of appointment with the Company for a term of one year commencing from their appointment dates and may terminate their letter of appointment by giving a minimum of one month's notice in writing to the Company.

None of the Directors has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation other than the statutory compensation.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as those disclosed in note 12 to the consolidated financial statements, there was no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with him has or had a material interest, whether direct or indirect, subsisting at any time during or at the end of the Reporting Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the share option scheme as set out in section headed "Share Option Scheme" below, at no time during the Reporting Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONTRACT OF SIGNIFICANCE

Save as those disclosed in note 33 to the consolidated financial statements, no contract of significance in relation to the Group's business (a) has been entered into between the Company, or one of its subsidiaries, and a controlling shareholder of the Company ("Controlling Shareholder") or any entity connected with him/her; nor (b) has been entered into for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any entity connected with him/her.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS AND REMUNERATION POLICY

Details of the Directors' remuneration and five highest paid individuals of the Group are set out in note 12 to the consolidated financial statements.

The Remuneration Committee has reviewed overall remuneration policy and structure relating to all Directors and senior management members of the Group in reference to the Group's operating results and individual performance.

The Group makes contribution to Central Provident Fund scheme in Singapore and Mandatory Provident Fund retirement benefits scheme in Hong Kong. Details of the defined contribution plans made by the Group are set out in note 11 to the consolidated financial statements.

The Company also adopted a share option scheme on 24 October 2017. Details of which are set out in the section headed "Share Option Scheme" of this directors' report and note 31 to the consolidated financial statements.

INDEPENDENCE CONFIRMATION

The Company has received confirmation from each of the independent non-executive directors regarding his independence in accordance with Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

MANAGEMENT CONTRACTS

During the Reporting Year and up to the date of this annual report, other than the service contracts of the Directors, the Company did not enter into or have any management and administrative contracts in respect of the whole or any substantial part of the principal business of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the sections headed "DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES", "SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES" and "SHARE OPTION SCHEME" below, at no time during the year ended 31 December 2023 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

EQUITY-LINKED AGREEMENTS

Save as those disclosed in the section headed "Share Option Scheme" below, no equity-linked agreements were entered into during Reporting Year. Details of the share option scheme are set out in note 31 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 24 October 2017. There was no share option granted or agreed to be granted under the Scheme during the Reporting Year. The summary of the principal terms of the Scheme are set out in note 31 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Position in Shares

Name of Directors	Capacity	Number of Shares	Percentage of the Company's issued share capital
Mr. Goh	Interest in controlled corporation (Note 1) Interest of spouse (Note 2)	204,800,000	51.2%
Ms. Tan	Interest in controlled corporation (Note 1) Interest of spouse (Note 2)	204,800,000	51.2%

Notes:

1. Amber Capital Holdings Limited ("Amber Capital") holds 204,800,000 Shares, representing 61% of the Company's issued share capital. Mr. Goh and Ms. Tan hold 96.77% and 3.23% of the entire issued share capital of Amber Capital, respectively. Therefore, pursuant to the SFO, Mr. Goh and Ms. Tan are deemed to be interested in the Shares held by Amber Capital.

2. Each of Mr. Goh and Ms. Tan is spouse to each other. Therefore, pursuant to the SFO, Mr. Goh is deemed to be interested in the Shares held by Ms. Tan, and vice versa.

Long Position in the ordinary shares of associated corporation

Name of Directors	Name of associated corporation	Capacity	Number of Shares	Approximate Percentage of Shareholding
Mr. Goh	Amber Capital (Note 1)	Beneficial owner	9,677	96.77%
Ms. Tan	Amber Capital	Beneficial owner	323	3.23%

Note:

1. Amber Capital holds more than 50% of the issued share capital of the Company. Therefore, Amber Capital is the holding company and an associated corporation of the Company.

Saved as disclosed above, as at 31 December 2023, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES

As at 31 December 2023, the Shareholders (other than Directors and the chief executive director of the Company) who had interests and short positions of the share capital and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Long Position in Shares

Name of Shareholders	Capacity	Number of Shares	Percentage of the Company's issued share capital
Amber Capital	Beneficial owner	204,800,000 Shares	51.2%

Save as disclosed above, as at 31 December 2023, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who held an interest or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the Reporting Year are set out in note 33 to the consolidated financial statements. None of the related party transactions falls under connected transaction nor continuing connected transaction under the GEM Listing Rules.

COMPETING INTEREST

The Directors are not aware that any Controlling Shareholders or Directors or their close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly with the Group's business during the Reporting Year.

DEED OF NON-COMPETITION

The Controlling Shareholders, namely Mr. Goh, Ms. Tan and Amber Capital, had entered into a deed of non-competition dated 24 October 2017 (the "Deed of Non-Competition") in favour of the Company (for itself and as trustee for each of its subsidiaries). The Controlling Shareholders have also confirmed that none of them nor any of his/her close associates is engaged in, involved in or interested in any Group's business (other than being a director or shareholder of the Group) which, directly or indirectly, competes or may compete with the Group's business. For details of the Deed of Non-Competition, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus.

Each Controlling Shareholder has confirmed to the Company of his/her compliance with the Deed of Non-Competition from the Listing Date up to the date of this report. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the Controlling Shareholders up to the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The revenue of the Group's top five customers accounted for approximately S$31.3 million for the Reporting Year, representing approximately 71% of the Group's total revenue. The Group's largest customer accounted for approximately S$13.4 million or 30% of total revenue for the Reporting Year.

The total purchase from the Group's top five suppliers amounted to approximately S$5.6 million for the Reporting Year, representing approximately 22.5% of the Group's total purchase. The Group's largest supplier accounted for approximately S$1.4 million or 5.8% of total purchase for the Reporting Year.

As at the date of this report, as far as the Company is aware, none of the Directors, their close associates or any shareholder owning more than 5% of the Company's share capital had any interest in the Group's customers and suppliers as mentioned above.

PERMITTED INDEMNITY PROVISION

Subject to applicable laws, the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, pursuant to the articles of association of the Company. Such provisions were in force throughout the year ended 31 December 2023 and are currently in force. The Company has arranged for appropriate insurance cover for Directors' Liabilities in respect of legal actions that may be brought against the Directors.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Director is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the public information available to the Company and within the best knowledge of Directors as the date of this report, the Company has maintained the public float of not less than 25% of the Company issued shares as required under GEM Listing Rules since 1 January 2023.

ENVIRONMENTAL, POLICIES AND PERFORMANCE

The Group is devoted to promoting and maintaining the environmental and social sustainable development of Singapore. As a responsible enterprise, the Group strives to comply with all the relevant laws and regulations in terms of the environmentally friendliness, health and safety, adopts effective measures, conserves energy and reduces waste.

A separate environmental, social and governance report is published on the Stock Exchange's website and the Company's website.

USE OF PROCEEDS FROM THE LISTING

Details of the use of proceeds from the Listing are set out in the section "Management Discussion and Analysis" of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to the existing shareholders.

DONATIONS

During the Reporting Year, the Group did not make any charitable or other donations (2022: Nil).

AUDITOR

Prism Hong Kong and Shanghai Limited was the auditor of the Group for the purpose listing of the Company on GEM. The consolidated financial statements for the Reporting Year has been audited by Prism Hong Kong and Shanghai Limited which will retire and being eligible, offer themselves for reappointment at the forthcoming AGM.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held on Friday, 28 June 2024. The register of members of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024 (the "Closure Period"), both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this closure period, no transfer of the shares will be registered. In order to qualify for attending and voting at the AGM, all transfers, accompanied by the relevant shares certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4.30 p.m. on Monday, 24 June 2024.

By order of the Board
Goh Cheng Seng
Chairman, CEO and Executive Director

Hong Kong, 27 March 2024

INDEPENDENT AUDITOR'S REPORT

上會柏誠

TO THE SHAREHOLDERS OF INDIGO STAR HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Indigo Star Holdings Limited (the "Company") and its subsidiaries ("the Group") set out on pages 40 to 111, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 the matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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1. Contract revenue recognition and contract assets/contract liabilities

Refer to Notes 7 and 19 to the consolidated financial statements and the accounting policies in Note 4.10 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
The Group is principally engaged in provision of structural reinforced and concrete works in general building and civil engineering works. The Group recognised construction revenue from general building and civil engineering projects of aggregate approximately S$29,958,000 for the year ended 31 December 2023. As at 31 December 2023, the Group reported contract assets and contract liabilities for provision of structural reinforced and concrete works in general building and civil engineering works of S$5,250,000, net of loss allowances of S$406,000, and S$6,295,000 respectively. Revenue from provision of structural reinforced and concrete works in general building and civil engineering works is recognised progressively over time. The Group measures progress towards satisfaction of its performance obligation using an input method based on the proportion of the actual costs incurred relative to the estimated total contract costs. In the early stages of a contract, the Group is generally not able to measure the outcome of its performance obligation but expects to recover the contract costs incurred. Revenue is recognised to the extent of those costs until such time that the Group can reliably measure the outcome of the performance obligation. The determination of contract revenue requires significant management judgement and estimation.	Our procedures in relation to contract revenue recognition and contract assets/contract liabilities included: • Discussed with the project managers and the management of the Group and sample checked the supporting documents, such as construction contracts, variation orders and payment certificates to assess the reasonableness of the management's estimation of the budgeted revenue and total budgeted contract cost; • Recalculated the stage of completion based on accumulated actual cost incurred to date over the total budgeted contract cost; and • Assessed the reliability of management's assessment in total budgeted contract cost by considering the historical actual costs and estimation of total budgeted contract cost of completed projects.

2. Loss allowance on trade receivables and contract assets

Refer to Notes 18 and 19 to the consolidated financial statements and the accounting policies in Note 4.16 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
The Group has trade receivables and contract assets of S$7,356,000 and S$5,250,000 respectively, net of loss allowance for trade receivables and contract assets of S$402,000 and S$406,000 as at 31 December 2023 respectively. During the year ended 31 December 2023, net impairment loss on trade receivables and contract assets based on management's estimate of the lifetime expected credit losses of S$123,000 were charged to profit or loss. The loss allowance is estimated by taking into account the credit loss experience, aging of trade receivables, customers' repayment history and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.	Our procedures in relation to the management's impairment assessment of trade receivables and contract assets included: • Obtained an understanding of the internal control and processes over the impairment assessment on trade receivables and contract assets by management; • Assessed the grouping of trade receivables and contract assets by considering the nature of the debtors and credit risk characteristics; • Tested the accuracy and completeness of the data used by management to develop the historical loss rates and assessing the sufficiency, reliability and relevance of that data; • Assessed the appropriateness of the impairment loss methodology, testing the calculation of the historical loss rates and evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic conditions; • Tested the aging of trade receivables and contract assets on a sample basis; and • Tested the calculation of expected credit loss provisions applying the provision rates to the age categories of the trade receivables and contract assets outstanding at the reporting date.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information include in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are 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 the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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. We report our opinion solely to you, as a body, in accordance with the terms of our engagements, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 consolidated financial statements.

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

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- conclude on the appropriateness of the Company's directors' 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with the Audit Committee 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 Audit Committee 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 Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chin Wang Leung.

Prism Hong Kong and Shanghai Limited
Certified Public Accountants

Chin Wang Leung
Practising Certificate Number: P07806

Hong Kong
27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 S$'000	2022 S$'000
Revenue	*7*	**44,318**	32,641
Cost of sales		**(32,894)**	(24,551)
Gross profit		**11,424**	8,090
Other income and gains and losses, net	*8*	**57**	(57)
Administrative expenses		**(9,646)**	(7,115)
Impairment of trade and other receivables and contract assets, net		**(12)**	(501)
Finance costs	*9*	**(88)**	(109)
Profit before tax		**1,735**	308
Income tax expense	*10*	**(736)**	(16)
Profit for the year	*11*	**999**	292
Other comprehensive (expenses)/income for the year:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(94)**	94
Other comprehensive (expense)/income for the year		**(94)**	94
Total comprehensive income for the year		**905**	386
Profit for the year attributable to owners of the Company		**999**	292
Total comprehensive income attributable to owners of the Company		**905**	386
Earnings per share			
Basic and diluted (in Singapore cents)	*14*	**0.25**	0.07

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 S$'000	2022 S$'000
Non-current assets			
Investment property	*15*	**226**	232
Property, plant and equipment	*16*	**6,025**	6,459
Right-of-use assets	*17*	**896**	966
Deferred tax assets	*28*	**45**	221
Total non-current assets		**7,192**	7,878
Current assets			
Trade receivables	*18*	**7,356**	5,446
Contract assets	*19*	**5,250**	4,145
Prepayments, deposits and other receivables	*20*	**1,927**	3,337
Inventories	*21*	**896**	806
Financial assets at fair value through profit or loss ("FVTPL")	*22*	**648**	1,026
Pledged bank deposits	*23*	**344**	344
Cash and cash equivalents	*23*	**10,316**	5,810
Total current assets		**26,737**	20,914
Current liabilities			
Trade and retention sum payables	*24*	**1,894**	1,145
Contract liabilities	*19*	**6,295**	3,466
Other payables and accruals	*25*	**7,919**	6,374
Bank borrowings	*26*	**1,923**	3,047
Lease liabilities	*27*	**80**	58
Income tax payable		**527**	237
Total current liabilities		**18,638**	14,327
Net current assets		**8,099**	6,587
Total assets less current liabilities		**15,291**	14,465
Non-current liabilities			
Lease liabilities	*27*	**903**	957
Deferred tax liabilities	*28*	**–**	25
Total non-current liabilities		**903**	982
Net assets		**14,388**	13,483
Capital and reserves			
Share capital	*29*	**695**	695
Reserves		**13,693**	12,788
Total equity		**14,388**	13,483

The consolidated financial statements on pages 40 to 111 were approved and authorised for issue by the board of directors on 27 March 2024 and are signed on its behalf by:

Goh Cheng Seng
Director

Tan Soh Kuan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital S$'000 (Note 29)	Share premium S$'000 (Note 30)	Merger reserve S$'000 (Note 30)	Translation reserve S$'000 (Note 30)	Retained profits S$'000	Total equity S$'000
At 1 January 2022	695	8,060	3,100	11	1,231	13,097
Profit for the year	–	–	–	–	292	292
Other comprehensive income						
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	94	–	94
Total comprehensive income for the year	–	–	–	94	292	386
At 31 December 2022 and 1 January 2023	**695**	**8,060**	**3,100**	**105**	**1,523**	**13,483**
Profit for the year	**–**	**–**	**–**	**–**	**999**	**999**
Other comprehensive income						
Exchange differences arising on translation of financial statements of foreign operations	**–**	**–**	**–**	**(94)**	**–**	**(94)**
Total comprehensive income for the year	**–**	**–**	**–**	**(94)**	**999**	**905**
At 31 December 2023	**695**	**8,060**	**3,100**	**11**	**2,522**	**14,388**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 S$'000	2022 S$'000
OPERATING ACTIVITIES		
Profit before tax	**1,735**	308
Adjustments for:		
Interest expenses	**88**	109
Interest income	**(37)**	(47)
Dividend income	**(16)**	(27)
Depreciation of investment property	**6**	5
Depreciation of property, plant and equipment	**703**	659
Depreciation of right-of-use assets	**70**	123
Fair value loss on financial assets at FVTPL	**378**	380
Impairment losses on trade receivables	**314**	–
(Reversal of impairment losses)/impairment losses on contract assets	**(191)**	356
(Reversal of impairment losses)/impairment losses on other receivables	**(111)**	145
Gain on disposal of property, plant and equipment	**(9)**	–
Loss on disposal of financial assets at FVTPL	**–**	233
Operating cash flows before movements in working capital	**2,930**	2,244
Increase in trade receivables	**(2,224)**	(3,287)
(Increase)/decrease in contract assets	**(914)**	1,642
Decrease in prepayments, deposits and other receivables	**1,521**	579
Increase in inventories	**(90)**	(806)
Increase of financial assets at FVTPL, net	**–**	(163)
Increase in trade and retention sum payables	**749**	353
Increase in contract liabilities	**2,829**	493
Increase in other payables and accruals	**1,545**	1,520
Cash generated from operations	**6,346**	2,575
Income tax paid	**(295)**	–
NET CASH FROM OPERATING ACTIVITIES	**6,051**	2,575
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(285)**	(512)
Proceeds from disposal of property, plant and equipment	**25**	–
Dividend received	**16**	27
Interest received	**37**	47
NET CASH USED IN INVESTING ACTIVITIES	**(207)**	(438)
FINANCING ACTIVITIES		
Repayments of bank borrowings	**(1,124)**	(1,105)
Payment of lease liabilities	**(71)**	(145)
Interest paid on bank borrowings	**(47)**	(69)
NET CASH USED IN FINANCING ACTIVITIES	**(1,242)**	(1,319)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**4,602**	818
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**5,810**	4,895
Effect of foreign exchange rate changes	**(96)**	97
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**10,316**	5,810

1. GENERAL INFORMATION

Indigo Star Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 8 March 2017. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 November 2017.

In the opinion of the directors of the Company, as at 31 December 2023, the Company's immediate holding company was Amber Capital Holdings Limited, a company incorporated in the British Virgin Islands (the "BVI").

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the head office and principal place of business of the Group is at 5, Upper Aljunied Link, #03-08 Quartz Industrial Building, Singapore 367903. The address of the principal place of business in Hong Kong is changed from Units 1607-8, 16/F, Citicorp Centre, 18 Whitfield Road Causeway Bay, Hong Kong to Room 1, 1/F, Yee Fai Building, 423–433 Chatham Road, Hung Hom, Kowloon, Hong Kong on 28 February 2024.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the provision of reinforced concrete works including steel reinforcement works, formwork erection and concrete works, labour supply for construction industry, trading in ceramic tiles and as ceramic tiles contractor for building related works. The details of the Company's principal subsidiaries are set out in Note 35 to the consolidated financial statements.

The functional currency of the Company is Hong Kong dollars. The consolidated financial statements are presented in Singapore dollars. The directors of the Company consider that choosing Singapore dollars as the presentation currency best suits the needs of the shareholders and investors as the principal place of operation of principal subsidiaries is Singapore.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Standards) issued by the International Accounting Standards Board ("IASB") and the disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

They have been prepared under historical cost convention, except for financial assets at fair value through profit or loss. These consolidated financial statements are presented in Singapore dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Application of new and amendments to IFRSs

In the current year, the Group has applied for the first time, the following new and amendments to IFRSs issued by IASB which are effective for the Group's financial year beginning on 1 January 2023:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Application of new and amendments to IFRSs (Continued)

The application of the new and amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Amendments to IFRSs issued but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")[1, 4]
Amendments to IAS 1	Non-current Liabilities with Covenants[1] (the "2020 Amendments")[1, 4]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to IAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet to be determined but available for adoption.

4 As a consequent of the 2020 Amendments and 2022 Amendments, International, Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause" was revised to align the corresponding wording with no change in conclusion.

The directors of the Company anticipate that the application of the amendments to IFRSs will have no material impact on the results and the financial position of the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at FVTPL that are measured at fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items 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 retranslated 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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Singapore dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

4.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.3 Property, plant and equipment (Continued)

Ownership interests in leasehold land and buildings (Continued)

Depreciation is recognised so as to write off the cost of assets their residual values over their estimated useful lives using the straight-line method as follow:

Property	16.5 to 57 years
Leasehold improvement	3 years
Furniture and fixture	5 years
Machinery and equipment	1 to 6 years
Motor vehicles	5 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.4 Investment property

Investment property is land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Owned investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment property over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment property under construction are capitalised as part of the carrying amount of the investment property under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an item of property, plant and equipment becomes an investment property when there is a change in use, as supported by observable evidence, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. The property revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

If an investment property becomes an owner-occupied property when there is a change in use, as supported by observable evidence, the fair value of that property at the date of transfer is the deemed cost for subsequent accounting for that property as an item of property, plant and equipment.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.5 Leasing

Definition of a lease

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

The Group as lessee

For contracts entered into or modified on or after the date of initial application, the Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) 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.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

When the Group obtains ownership of the underlying leased assets at the end of the lease term upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

Lease liabilities

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

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group.

The lease liability is presented as a separate line in the consolidated statement of financial position.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.5 Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Lease Modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment property. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

4.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through other comprehensive income ("FVTOCI"), and at FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Financial instruments (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income and gains and losses, net" line item (note 8).

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Financial instruments (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income and gains and losses" line item (note 8). Fair value is determined in the manner described in note 4.17.

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income and gains and losses" line item (note 8).

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.

4.8 Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

4.9 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity 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 a group entity 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.9 Financial liabilities and equity instruments (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.10 Revenue recognition

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from the following major sources:

- Provision of structural reinforced and concrete works in general building and civil engineering works;
- Provision of labour supply in construction industry;
- Other services, included provision of service for cut and bend the steel reinforcing bar owned by the customer; and
- Sales of tiles to construction and engineering industries.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10 Revenue recognition (Continued)

Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on an asset under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with an onerous contract. An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Input method)

Revenue from provision of structural reinforced and concrete works in general building and civil engineering works and other services is recognised over time.

Revenue from provision of labour supply in construction industry is recognised over time.

The progress towards complete satisfaction of a performance obligation is measured based on input method. Input methods recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation.

Point in time revenue recognition

Revenue from sales of tiles is recognised when goods are transferred to and accepted by the customers, which is the point of time the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

Significant financing component

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms follow industry practice to protect the customer from the Group's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10 Revenue recognition (Continued)

Contract modifications

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

4.11 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses and other government grants are presented under "other income and gains and losses" (note 8).

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plan

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4.14 Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit/(loss) before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from Goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.14 Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to lease liabilities separately and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that is probable that taxable profit will be available against which the deductible temporary can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.15 Impairment losses on property, plant and equipment, investment property and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment property and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.16 Impairment of financial assets and contract assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.16 Impairment of financial assets and contract assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.16 Impairment of financial assets and contract assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset 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 counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables and contract assets, when the amounts are over two years past due, whichever occurs sooner. 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.

The measurement of expected credit loss is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.16 Impairment of financial assets and contract assets (Continued)

Write-off policy (Continued)

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Measurement and recognition of expected credit loss

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.17 Fair value measurement

When measuring fair value except value-in-use of property, plant and equipment and right-of-use assets for the purpose of impairment assessment, 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgement in applying accounting policies

The following are the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

(i) Judgments in determining the timing of satisfaction of performance obligations

The recognition of each of the Group's revenue stream requires judgment by the directors of the Company in determining the timing of satisfaction of performance obligations.

In making their judgment, the directors of the Company considered the detailed criteria for recognition of revenue set out in IFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers.

For the Group's revenue from structural reinforce and concrete works in general building and civil engineering work, the directors of the Company have assessed that the Group's performance creates and enhances an asset that the customer controls as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

For labour supply and other services, the directors of the Company have determined that the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty

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

(i) Revenue and profit recognition in respect of structural reinforced and concrete works in general building and civil engineering works

As explained in the accounting policy for revenue recognition in Note 4.10 to the consolidated financial statements, certain projects revenue from structural reinforced and concrete works in general building and civil engineering works are recognised over time. The Group reviews and revises the estimated total costs to complete the satisfaction of these services as the contract progresses. Budgeted contract costs and profit margin are prepared by the management of the Group on the basis of quotations from time to time provided by the subcontractors or suppliers of contract materials involved. In order to keep the budget accurate and up-to-date, the management of the Group conducts periodic reviews and revisions of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such estimate may have impact on the revenue and profit recognised in each period.

Recognised amounts of contract revenue from structural reinforced and concrete works in general building and civil engineering works reflect the management of the Group best estimate of each contract's outcome and value of works completed, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going construction contracts. The actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit or loss recognised in future years as an adjustment to the amounts recorded to date.

During the year ended 31 December 2023, the Group recognised S$29,258,000 (2022: S$16,196,000) of revenue from structural reinforced and concrete works in general building and civil engineering works.

(ii) Loss allowance recognised in respect of on trade receivables, contract assets and other receivables

The loss allowance for trade receivables, contract assets and other receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. At 31 December 2023, the carrying amounts of trade receivables. contract assets and other receivables are S$7,356,000, S$5,250,000 and S$1,214,000 (2022: S$5,446,000, S$4,145,000 and S$2,372,000), with accumulated impairment losses of trade receivables, contract assets and other receivables of S$402,000, S$406,000 and S$57,000 (2022: S$88,000, S$597,000 and S$168,000), respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

(iii) Estimated impairment of property, plant and equipment, investment property and right-of-use assets

Property, plant and equipment, investment property and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposals or value-in-use, in the case of value-in-use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong.

The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2023, the carrying amounts of property, plant and equipment, investment property and right-of-use assets were S$6,025,000, S$226,000 and S$896,000 respectively (2022: S$6,459,000, S$232,000 and S$966,000 respectively).

(iv) Estimated useful life of property, plant and equipment, investment property and right-of-use assets

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment, investment property and right-of-use asset. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment, investment property and right-of-use assets of similar nature and functions. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation/amortisation expense in the future periods. The carrying amounts of property, plant and equipment, investment property and right-of-use assets at 31 December 2023 are S$6,025,000, S$226,000 and S$896,000 respectively (2022: S$6,459,000, S$232,000 and S$966,000 respectively).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

(v) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(vi) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. The directors assess the estimations at the end of each reporting period. Details of inventories are disclosed in note 21 to the consolidated financial statements.

6. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance is categorised mainly according to the types of services provided and products sold.

Specifically, the Group's reportable segments are as follows:

– The construction contract provided including general building projects, civil engineering projects and labour supplies; and

– Sales of tiles to external customers.

6. SEGMENT INFORMATION (CONTINUED)

	Construction contract S$'000	Sales of tiles S$'000	Total S$'000
Year ended 31 December 2023			
Segment revenue			
Revenue from external customers	**36,088**	**8,230**	**44,318**
Segment results	**2,336**	**218**	**2,554**
Reconciliation:			
Interest income			**37**
Dividend income			**16**
Finance cost			**(88)**
Fair value loss on financial assets at FVTPL			**(378)**
Corporate and other unallocated expenses			**(406)**
Profit before tax			**1,735**
Other segment information			
Depreciation of			
– Property, plant and equipment	**624**	**79**	**703**
– Investment property	**6**	**–**	**6**
– Right-of-use assets	**70**	**–**	**70**
Impairment of trade and other receivables and contract assets, net	**(77)**	**89**	**12**
Capital expenditure *	**298**	**18**	**316**
Year ended 31 December 2022			
Segment revenue			
Revenue from external customers	20,588	12,053	32,641
Segment results	1,059	13	1,072
Reconciliation:			
Interest income			47
Finance cost			(109)
Fair value loss on financial assets at FVTPL			(380)
Corporate and other unallocated expenses			(322)
Profit before tax			308
Other segment information			
Depreciation of			
– Property, plant and equipment	614	45	659
– Investment property	5	–	5
– Right-of-use assets	123	–	123
Impairment of trade and other receivables and contract assets, net	392	109	501
Capital expenditure *	65	447	512

*Capital expenditure consists of additions to property, plant and equipment.

6. SEGMENT INFORMATION (CONTINUED)

	Construction contract S$'000	Sales of tiles S$'000	Total S$'000
Year ended 31 December 2023			
Segment assets	**20,915**	**6,756**	**27,671**
Reconciliation:			
Financial assets at FVTPL			**648**
Deferred tax assets			**45**
Corporate and other unallocated assets			**5,565**
Total assets			**33,929**
Segment liabilities	**8,531**	**1,782**	**10,313**
Reconciliation:			
Bank borrowings			**1,923**
Corporate and other unallocated liabilities			**7,305**
Total liabilities			**19,541**
Year ended 31 December 2022			
Segment assets	18,892	8,363	27,255
Reconciliation:			
Financial assets at FVTPL			1,026
Deferred tax assets			221
Corporate and other unallocated assets			290
Total assets			28,792
Segment liabilities	6,237	3,090	9,327
Reconciliation:			
Bank borrowings			3,047
Deferred tax liabilities			25
Corporate and other unallocated liabilities			2,910
Total liabilities			15,309

6. SEGMENT INFORMATION (CONTINUED)

Geographical segment information

The Group principally operates in Singapore, which is also the place of domicile. All revenue is derived from Singapore based on the location of services delivered and the Group's non-current assets are all located in Singapore. Accordingly, no geographical segment information is presented.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2023 **S$'000**	2022 S$'000
Customer A[1]	**13,359**	5,104
Customer B[1]	**8,935**	5,145

1 Revenue from construction contracts

7. REVENUE

Revenue represents revenue arising on construction contracts and sales of tiles for the year. An analysis of the Group's revenue for the year is as follows:

	2023	2022
	S$'000	S$'000
Disaggregated by major services		
– Construction contracts		
• General building projects	**19,100**	10,741
• Civil engineering projects	**10,858**	5,455
• Labour supply	**6,130**	4,321
• Other services	**–**	71
– Sales of tiles	**8,230**	12,053
	44,318	32,641
Timing of revenue recognition		
Over time	**36,088**	20,588
At a point in time	**8,230**	12,053
	44,318	32,641

Transaction price allocated to the remaining performance obligations for contracts with customers

As at 31 December 2023, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately S$75,111,000 (2022: S$94,173,000). The amount represents revenue expected to be recognised in the future from general building and civil engineering projects.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	S$'000	S$'000
Amounts expected to be recognised as revenue		
Within one year	**70,619**	6,571
After one year	**4,492**	87,602
	75,111	94,173

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to performance obligations are expected to be recognized as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

8. OTHER INCOME AND GAINS AND LOSSES, NET

An analysis of the Group's other income and gains and losses is as follows:

	2023 S$'000	2022 S$'000
Dividend income	**16**	27
Fair value loss on financial assets at FVTPL	**(378)**	(380)
Government grants (note a)	**208**	222
Loss on disposal of financial assets at FVTPL	**–**	(233)
Interest income	**37**	47
Rental income from investment property (note b)	**27**	79
Sundry income	**147**	181
	57	(57)

Notes:

a. The government grants received mainly pertain to Job Growth Incentive ("JGI"), Productivity Solutions Grant ("PSG"), Progressive Wage Credit Scheme ("PWCS") and Senior Employment Credit ("SEC") Scheme (2022: JGI and SEC).

The goal of JGI is to stimulate economic growth and create job opportunities, whereas PSG helps Singapore companies improve their productivity and automate existing processes through IT solutions and equipment.

PWCS is to provide transitional wage support for employers to Adjust to upcoming mandatory wage increases for lower-wage workers covered by the Progressive Wage and Local Qualifying Salary requirements; and voluntarily raise wages of lower-wage workers.

SEC is to provide wage offset to help employers that employ Singaporean workers adjust to the higher retirement Age and Re-employment age. There were no unfulfilled conditions or contingencies relating to those government grants.

b. Rental income arising from the operating leases of its investment property of the Group whose lease payments were fixed. No related direct operating expenses (2022: S$4,000) were incurred during the year ended 31 December 2023.

9. FINANCE COSTS

	2023 S$'000	2022 S$'000
Interest on bank borrowings	**47**	69
Interest on lease liabilities	**41**	40
	88	109

10. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as following:

	2023 **S$'000**	2022 S$'000
Singapore Corporate Income Tax ("CIT")		
Current tax	**501**	237
Under-provision in respect for prior year	**84**	–
Deferred tax (Note 28)	**151**	(221)
Income tax expense	**736**	16

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Singapore CIT has been provided at the rate of 17% on the estimated assessable profits for the year.

The tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 **S$'000**	2022 S$'000
Profit before tax	**1,735**	308
Tax calculated at the statutory rate of 17% (2022: 17%)	**295**	52
Tax effect of income not taxable for tax purpose	**(69)**	(199)
Tax effect of expenses not deductible for tax purpose	**220**	181
Tax effect of temporary differences not recognised (Note)	**50**	49
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	(4)
Tax effect of tax losses not recognised	**255**	64
Utilisation of tax losses	**–**	(127)
Under-provision in respect of prior year	**84**	–
Utilised of deductible temporary differences previously not recognised	**(99)**	–
	736	16

11. PROFIT BEFORE TAX

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

	2023 S$'000	2022 S$'000
Employee benefit expenses (including directors' remuneration (Note 12))		
– Salaries and welfare	**22,891**	14,507
– Defined contributions scheme	**614**	346
	23,505	14,853
Less: government grants (note)	**–**	(371)
Total employee benefit expenses (including directors' remuneration (Note 12))	**23,505**	14,482
Auditor's remuneration	**114**	112
Depreciation of property, plant and equipment	**703**	659
Depreciation of right-of-use assets	**70**	123
Depreciation of investment property	**6**	5
Fair value loss on financial assets at FVTPL	**378**	380
Impairment losses on trade receivables (Note 38(iii))	**314**	–
Reversal of impairment losses on contract assets (Note 38(iii))	**(191)**	356
Reversal of impairment losses on deposits and other receivables (Note 38(iii))	**(111)**	145

Note: Government grants comprises of COVID-19 related subsides under the Jobs Support Scheme ("JSS") and foreign worker rebate provided by the Singapore Government.

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

	Fees S$'000	Salaries and bonuses S$'000	Defined contributions S$'000	Other short-term benefits S$'000	Total S$'000
Year ended 31 December 2023					
Executive directors:					
Mr. Goh Cheng Seng	**–**	**660**	**23**	**–**	**683**
Ms. Tan Soh Kuan	**–**	**636**	**30**	**–**	**666**
Mr. Ng Sai Cheong	**–**	**–**	**–**	**–**	**–**
Mr. Wang Jianye (Note i)	**–**	**–**	**–**	**–**	**–**
Independent non-executive directors:					
Mr. Ma Yiu Ho Peter	**25**	**–**	**–**	**–**	**25**
Mr. Yip Ki Chi Luke	**25**	**–**	**–**	**–**	**25**
Mr. Khu Chee Hua	**9**	**–**	**–**	**–**	**9**
Mr. Zhou Guangguo (Note ii)	**–**	**–**	**–**	**–**	**–**
Total	**59**	**1,296**	**53**	**–**	**1,408**
Year ended 31 December 2022					
Executive directors:					
Mr. Goh Cheng Seng	–	660	28	–	688
Ms. Tan Soh Kuan	–	736	35	–	771
Mr. Ng Sai Cheong	–	–	–	–	–
Mr. Wang Jianye (Note i)	–	–	–	–	–
Independent non-executive directors:					
Mr. Ma Yiu Ho Peter	32	–	–	–	32
Mr. Yip Ki Chi Luke	32	–	–	–	32
Mr. Zhou Guangguo (Note ii)	–	–	–	–	–
Total	64	1,396	63	–	1,523

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emoluments (Continued)

Note:

(i) Mr. Wang Jianye retired as the executive director of the Company with effect from 20 June 2023.

(ii) Mr. Zhou Guangguo retired as the independent non-executive director of the Company with effect from 20 June 2023.

(iii) Mr. Khu Chee Hua was appointed as the independent non-executive director of the Company with effect from 10 August 2023.

Mr. Goh Cheng Seng is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

No emoluments were paid by the Group to any directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group (2022: Nil).

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2022: two) were directors of the Company whose emoluments are included in the disclosures in Note (a) above. The emoluments of the remaining three (2022: three) individual were as follows:

	2023 **S$'000**	2022 S$'000
Salaries and bonuses	**475**	393
Defined contributions	**35**	31
	510	424

Their emoluments were within the following bands:

	2023 **No. of** **employees**	2022 No. of employees
Nil to HK$1,000,000 (equivalent to nil to S$173,000)	**3**	3

13. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

14. EARNINGS PER SHARE

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

	2023	2022
	S$'000	S$'000
Profit		
Profit attributable to owners of the Company	**999**	292

	2023	2022
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**400,000**	400,000

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of shares in issue.

The diluted earnings per share is equal to the basic earnings per share because there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2023 and 2022.

15. INVESTMENT PROPERTY

	S$'000
Cost	
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	300
Accumulated depreciation	
At 1 January 2022	63
Charge for the year	5
At 31 December 2022 and 1 January 2023	68
Charge for the year	6
At 31 December 2023	74
Carrying amount	
At 31 December 2023	226
At 31 December 2022	232
Fair value	
At 31 December 2023	660
At 31 December 2022	610

The fair value of the Group's investment property as at 31 December 2023 was approximately S$660,000 (2022: S$610,000). The fair value has been arrived at based on a valuation carried out by an independent valuer not connected with the Group. The valuation was determined by direct comparison method based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject property subsequent to initial recognition based on Level 3 of fair value hierarchy. Significant unobservable input used was the recent sales prices of comparable properties on a price per square feet basis.

The estimated useful life of the investment property is 60 years (2022: 60 years). The investment property is stated at cost less accumulated depreciation and any impairment loss.

As at 31 December 2023, the Group's investment property with net carrying amount of approximately S$226,000 (2022: S$232,000) have been pledged to secure banking facilities granted to the Group (Note 26).

16. PROPERTY, PLANT AND EQUIPMENT

	Property S$'000	Leasehold improvement S$'000	Furniture and fixture S$'000	Machinery and equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost						
At 1 January 2022	6,560	537	155	480	1,067	8,799
Additions	–	131	37	136	208	512
Written-off	–	–	(39)	(36)	–	(75)
At 31 December 2022 and 1 January 2023	6,560	668	153	580	1,275	9,236
Additions	–	23	27	70	165	285
Disposal	–	(1)	–	–	(17)	(18)
At 31 December 2023	6,560	690	180	650	1,423	9,503
Accumulated depreciation and impairment loss						
At 1 January 2022	798	224	112	322	737	2,193
Charge for the year	331	129	19	70	110	659
Written-off	–	–	(39)	(36)	–	(75)
At 31 December 2022 and 1 January 2023	1,129	353	92	356	847	2,777
Charge for the year	331	143	10	81	138	703
Disposal	–	–	–	–	(2)	(2)
At 31 December 2023	1,460	496	102	437	983	3,478
Carrying amount						
At 31 December 2023	5,100	194	78	213	440	6,025
At 31 December 2022	5,431	315	61	224	428	6,459

As at 31 December 2023, the Group's property with an aggregate net carrying amount of approximately S$5,100,000 (2022: S$5,431,000) have been pledged to secure banking facilities granted to the Group (Note 26).

17. RIGHT-OF USE ASSETS

	Leasehold land S$'000	Motor vehicles S$'000	Office premises S$'000	Total S$'000
Cost				
At 1 January 2022	1,167	98	137	1,402
Exchange realignment	–	(1)	(12)	(13)
At 31 December 2022 and 1 January 2023	1,167	97	125	1,389
Disposal	–	(97)	(125)	(222)
At 31 December 2023	1,167	–	–	1,167
Accumulated depreciation and impairment loss				
At 1 January 2022	130	75	106	311
Charge for the year	71	23	29	123
Exchange realignment	–	(1)	(10)	(11)
At 31 December 2022 and 1 January 2023	201	97	125	423
Charge for the year	70	–	–	70
Disposal	–	(97)	(125)	(222)
At 31 December 2023	271	–	–	271
Carrying amount				
At 31 December 2023	896	–	–	896
At 31 December 2022	966	–	–	966

Lease liabilities of approximately S$983,000 (2022: S$1,015,000) are recognised with related right-of-use assets of S$896,000 (2022: S$966,000) as at 31 December 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group has lease arrangements for leasehold land, motor vehicles and office premises. The lease terms are ranged from 3 years to 16.5 years.

No additions to the right-of-use assets for the year ended 31 December 2023 and 2022.

The total cash outflows for payment of lease liabilities and short-term leases is S$318,000 (2022: S$399,000).

17. RIGHT-OF USE ASSETS (CONTINUED)

Amounts recognised in profit or loss

	2023	2022
	S$'000	S$'000
Depreciation expense on right-of-use assets	**70**	123
Interest expense on lease liabilities	**41**	40
Expenses relating to short-term leases	**142**	254

18. TRADE RECEIVABLES

	2023	2022
	S$'000	S$'000
Receivables at amortised cost comprised:		
Trade receivables	**7,758**	5,534
Less: allowance for impairment of trade receivables	**(402)**	(88)
	7,356	5,446

At as 31 December 2023, the gross amount of trade receivables arising from contracts with customers amounted to S$7,758,000 (2022: S$5,534,000).

The Group allows credit period to the Group's customers generally within 35 days from invoice date of the relevant contract revenue. The following is an aging analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, at the end of the reporting period.

	2023	2022
	S$'000	S$'000
0 to 30 days	**7,052**	3,557
31 to 90 days	**186**	1,687
91 to 180 days	**107**	27
Over 180 days	**11**	175
	7,356	5,446

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 38(iii).

Trade receivables are denominated in S$.

19. CONTRACT ASSETS/CONTRACT LIABILITIES

(a) Contract assets

	2023	2022
	S$'000	S$'000
Structural reinforced and concrete works in general building and civil engineering works	**5,656**	4,742
Less: allowance for impairment of contract assets	**(406)**	(597)
Total contract assets	**5,250**	4,145

Contract assets are initially recognised for revenue from structural reinforced and concrete works in general building and civil engineering works as receipt of consideration is conditional on successful completion of works. The contract assets are transferred to trade receivables when the rights become unconditional. Upon completion of work and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

As at 31 December 2023, included in carrying amounts of contract assets are retention receivables of S$4,186,000 (2022: S$3,866,000), net of loss allowance of S$406,000 (2022: S$597,000).

The terms of some contracts stipulate that the customers withhold a portion of total contract sum (usually 5% to 10%) and will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

Further details on the Group's credit policy and credit risk arising from contract assets are set out in Note 38(iii).

19. CONTRACT ASSETS/CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities

	2023	2022
	S$'000	S$'000
Structural reinforced and concrete works in general building and civil engineering works	**6,295**	3,466

The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the related works. The balance of contract liabilities is expected to be recognised within one year.

Movements in contract liabilities:

	2023	2022
	S$'000	S$'000
At 1 January	**3,466**	2,973
Decrease in contract liabilities as a result of recognising revenue during the year	**(27,882)**	(10,766)
Increase in contract liabilities as a result of billing in advance	**30,711**	11,259
At 31 December	**6,295**	3,466

Revenue recognised during the year ended 31 December 2023 that was included in the contract liabilities at the beginning of the year is S$3,466,000 (2022: S$2,973,000) in respect of structural reinforced and concrete works in general building and civil engineering works. There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 S$'000	2022 S$'000
Prepayments	**258**	588
Deposits	**512**	377
Other receivables	**1,214**	2,540
	1,984	3,505
Less: allowance for impairment of deposits and other receivables	**(57)**	(168)
	1,927	3,337

Further details on the Group's credit policy and credit risk arising from deposits and other receivables are set out in Note 38(iii).

Prepayments, deposits, and other receivables are denominated in the following currencies:

	2023 S$'000	2022 S$'000
S$	**1,828**	3,307
HK$	**97**	27
Renminbi ("RMB")	**2**	3
	1,927	3,337

21. INVENTORIES

	2023 S$'000	2022 S$'000
Finished goods	**896**	806

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 S$'000	2022 S$'000
Financial assets mandatorily measured at FVTPL		
– Equity securities listed in Hong Kong (note (a))	**125**	285
– Equity securities listed in Singapore (note (a))	**376**	440
– Equity securities listed in United States (note (a))	**147**	301
	648	1,026

Note (a): The fair values of the listed equity securities were determined by quoted prices in the Hong Kong Stock Exchange, Singapore Stock Exchange and National Association of Securities Dealers respectively.

23. PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Pledged bank deposits

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group (Note 26). The pledged bank deposits are denominated in S$ and carry fixed interest rate of 0.1% (2022: 0.1%) per annum.

Cash and cash equivalents

	2023 S$'000	2022 S$'000
Cash and bank balances	**10,316**	5,810

Bank balances earn interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents are denominated in the following currencies:

	2023 S$'000	2022 S$'000
S$	**8,238**	5,773
HK$	**2,065**	23
RMB	**13**	14
	10,316	5,810

24. TRADE AND RETENTION SUM PAYABLES

	2023 S$'000	2022 S$'000
Trade payables	**1,803**	808
Retention sum payables	**91**	337
	1,894	1,145

The credit period of trade payables is generally 30 days. The terms and conditions in relation to the release of retention vary from contract to contract, which usually within 1 year and subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

24. TRADE AND RETENTION SUM PAYABLES (CONTINUED)

The following is an aging analysis of trade and retention sum payables presented based on the invoice date at the end of the reporting period.

	2023	2022
	S$'000	S$'000
0 to 30 days	**1,376**	760
31 to 90 days	**165**	28
91 to 180 days	**262**	57
Over 180 days	**91**	300
	1,894	1,145

Trade and retention sum payables are denominated in S$.

25. OTHER PAYABLES AND ACCRUALS

	2023	2022
	S$'000	S$'000
Accrued staff costs	**3,855**	2,310
Other payables and accrued operating expenses	**3,215**	3,558
Goods and services tax payables	**849**	506
	7,919	6,374

Other payables and accruals are denominated in the following currencies:

	2023	2022
	S$'000	S$'000
S$	**5,135**	3,464
HK$	**2,076**	2,170
RMB	**708**	740
	7,919	6,374

26. BANK BORROWINGS

	2023	2022
	S$'000	S$'000
Secured bank loans	**1,923**	3,047
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**1,144**	1,125
More than one year, but not exceeding two years	**779**	1,147
More than two years, but not exceeding five years	**–**	775
	1,923	3,047
Portion of bank loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	**(1,923)**	(3,047)
Amount shown under non-current liabilities	**–**	–

Notes:

(a) Bank borrowings are interest-bearing at the banks' base lending rate adjusted by certain basis points per annum. As at 31 December 2023, the Group's bank borrowings effective interest rate ranges from 1.38% to 1.58% per annum (2022: 1.38% to 1.69%). All bank borrowings are denominated in S$.

(b) The Group's banking facilities are secured by:

(i) the pledge of investment property of the Group with net carrying amount of S$226,000 as at 31 December 2023 (2022: S$232,000) (Note 15);

(ii) the pledge of property, plant and equipment of the Group with net carrying amount of S$5,100,000 as at 31 December 2023 (2022: S$5,430,000) (Note 16);

(iii) the pledge of fixed deposits of the Group of S$344,000 (2022: S$344,000) (Note 23);

(iv) corporate guarantee provided by the Company as set out in Note 33(a); and

(v) personal guarantee provided by the director of the Company, Mr. Goh Cheng Seng.

(c) The Group's aggregate banking facilities amounted to approximately S$6,592,000 (2022: S$6,592,000), of which approximately S$1,923,000 (2022: S$3,047,000) have been utilised as at 31 December 2023.

27. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2023 S$'000	2022 S$'000
Present value of minimum lease payments:		
Within one year	**80**	58
More than one year, but not exceeding two years	**68**	60
More than two years, but not exceeding five years	**202**	194
More than five years	**633**	703
	983	1,015
Less: Amounts due for settlement within one year (shown under current liabilities)	**(80)**	(58)
Amounts due for settlement after one year	**903**	957

The Group considers that no extension option or termination option would be exercised at the lease commencement date. All leases are for leasehold land, office premises and leasing motor vehicles. The remaining lease periods are from 1 year to 14 years.

The Group's obligations are secured by the lessors' title to the leased assets for such lease.

28. DEFERRED TAX

Details of the deferred tax assets recognised and movements during the year are as follows:

	Temporary differences arising from intra-group balances S$'000
At 1 January 2022	–
Credit to statement of profit or loss	221
At 31 December 2022 and 1 January 2023	221
Credit to statement of profit or loss	(176)
At 31 December 2023	45

Details of the deferred tax liabilities recognised and movements during the year are as follows:

	Accelerated tax depreciation S$'000
At 1 January 2022, 31 December 2022, 1 January 2023	25
Debit to statement of profit or loss	(25)
At 31 December 2023	–

At the end of the reporting period, the Group has deductible temporary differences of S$612,000 (2022: S$1,647,000). No deferred tax asset has been recognised in relation to deductible temporary difference of S$347,000 (2022: S$635,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group has unused tax losses of S$2,329,000 (31 December 2022: S$829,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

29. SHARE CAPITAL

	Number of shares '000	S$'000
Authorised share capital at HK$0.01 each:		
At beginning and at end of the year	1,000,000	1,747
Issued and fully paid share capital at HK$0.01 each:		
At beginning and at end of the year	400,000	695

30. RESERVES

(a) The Group

Details of the movements on the Group's reserves are set out in the consolidated statement of changes in equity.

The following describes the nature and purpose of each reserve within owners' equity:

Share premium

The share premium represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Merger reserve

Merger reserve represents the difference between the cost of acquisition pursuant to the reorganisation and the total value of share capital of the entities acquired.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 4.2 to the consolidated financial statements.

(b) The Company

	Share premium S$'000	**Translation reserve** S$'000	**Accumulated losses** S$'000	**Total** S$'000
At 1 January 2022	8,060	17	(8,001)	76
Loss for the year	–	–	(284)	(284)
Other comprehensive income for the year	–	20	–	20
Loss and total comprehensive expense for the year	–	20	(284)	(264)
At 31 December 2022 and 1 January 2023	**8,060**	**37**	**(8,285)**	**(188)**
Loss for the year	**–**	**–**	**(396)**	**(396)**
Other comprehensive expense for the year	**–**	**(166)**	**–**	**(166)**
Loss and total comprehensive income for the year	**–**	**(166)**	**(396)**	**(562)**
At 31 December 2023	**8,060**	**(129)**	**(8,681)**	**(750)**

31. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 24 October 2017. The following is the summary of the principal terms of the Scheme:

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2023 and 2022.

(a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group.

(b) Who may join and basis of eligibility

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the GEM Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of the Group.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent.

(d) Maximum number of Shares

The maximum number of shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue, being 40,000,000 shares, unless the Company obtains a fresh approval.

(e) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted in any 12-month period to a Participant under the Scheme and other schemes must not exceed 1% of the Shares in issue.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

32. LEASE COMMITMENTS

As lessor

As at 31 December 2023 and 2022, future minimum lease rental receivables under non-cancellable operating leases of the Group are as follows:

	2023	2022
	S$'000	S$'000
Within one year	**44**	167
After 1 year but within 2 years	**26**	59
	70	226

The Group leases its investment property (Note 15) under operating leases. The leases run for an initial period of 2 years (2022: 2 years), with options to renew the lease terms upon expiry when all terms are re-negotiated. None of these leases includes any contingent rentals.

33. RELATED PARTY TRANSACTIONS

(a) As at 31 December 2023, the Company had executed corporate guarantee to secure banking facility granted to the subsidiary amounted to S$3,972,000 (2022: S$3,972,000). Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the bank borrowings. As at 31 December 2023, the outstanding balance of the bank borrowings was S$535,000 (2022: S$1,063,000) and this represents the Company's maximum exposure under the guarantee contract.

(b) **Compensation of key management personnel**

The remuneration of directors of the Company and other members of key management during the year were as follows:

	2023	2022
	S$'000	S$'000
Short-term employee benefits	**1,772**	1,854
Defined contributions	**87**	93
	1,859	1,947

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2023** **S$'000**	2022 S$'000
Non-current asset			
Investments in subsidiaries (note i)		**68**	68
Current assets			
Amount due from a subsidiary (note ii)		**1,025**	1,635
Prepayments, deposit, and other receivables		**–**	26
		1,025	1,661
Current liabilities			
Accruals		**1,032**	1,104
Amount due to a subsidiary (note ii)		**115**	118
		1,147	1,222
Net current (liabilities)/assets		**(122)**	439
Net (liabilities)/assets		**(54)**	507
Equity			
Share capital		**695**	695
Reserves	30(b)	**(749)**	(188)
(Deficiency in equity)/total equity		**(54)**	507

Notes:

i. As at 31 December 2023, investments in subsidiaries are carried at cost of S$68,000 (2022: S$68,000) less accumulated impairment loss of nil (2022: Nil).

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

35. PARTICULARS OF SUBSIDIARIES

Details of principal subsidiaries as at 31 December 2023 and 2022 are as follows:

Company name	Place of incorporation and form of business structure	Principal place of operation	Issued and paid-up share capital	Proportion of ownership interest/voting power held by the Company		Principal activities
				Directly	Indirectly	
Indigo Link Holdings Limited	BVI, limited liability company	BVI	US$0.01	100% (2022: 100%)	–	Investment holding
Interno Engineering (1996) Pte. Ltd.	Singapore, limited liability company	Singapore	S$3,000,000	–	100% (2022: 100%)	Building construction
Interno Construction Pte. Ltd.	Singapore, limited liability company	Singapore	S$100,000	–	100% (2022: 100%)	Building construction
CS Ceramiche Pte. Ltd.	Singapore, limited liability company	Singapore	S$3,000,000	–	100% (2022: 100%)	Trading of tiles
Full Hero Trading Ltd.	Hong Kong, limited liability company	Hongkong	HK$1	100% (2022: Nil)	–	Supply of building material
MT Global Market Company Ltd.	Hong Kong, limited liability company	Hongkong	HK$1	100% (2022: Nil)	–	Trading of mobile phones and accessories

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

For the year ended 31 December 2023

	Bank borrowings S$'000	Lease liabilities S$'000	Total S$'000
As at 1 January 2023	3,047	1,015	4,062
Cash flows:			
Repayment of bank borrowings	(1,124)	–	(1,124)
Interest paid on bank borrowings	(47)	–	(47)
Capital element of lease rentals paid	–	(30)	(30)
Interest element of lease rentals paid	–	(41)	(41)
Non-cash:			
Interest expenses	47	41	88
Exchange realignment	–	(2)	(2)
As at 31 December 2023	1,923	983	2,906

For the year ended 31 December 2022

	Bank borrowings S$'000	Lease liabilities S$'000	Total S$'000
As at 1 January 2022	4,152	1,123	5,275
Cash flows:			
Repayment of bank borrowings	(1,105)	–	(1,105)
Interest paid on bank borrowings	(69)	–	(69)
Capital element of lease rentals paid	–	(105)	(105)
Interest element of lease rentals paid	–	(40)	(40)
Non-cash:			
Interest expenses	69	40	109
Exchange realignment	–	(3)	(3)
As at 31 December 2022	3,047	1,015	4,062

37. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2023, the carrying amounts of each of the categories of financial instruments are as follows:

	2023	2022
	S$'000	S$'000
Financial assets at FVTPL		
Listed equity securities	**648**	1,026
	648	1,026
Financial assets at amortised cost		
Trade receivables	**7,356**	5,446
Deposits and other receivables	**1,669**	2,749
Pledged bank deposits	**344**	344
Cash and cash equivalents	**10,316**	5,810
	19,695	14,349
Financial liabilities at amortised cost		
Trade and retention sum payables	**1,894**	1,145
Other payables and accruals	**7,919**	6,374
Bank borrowings	**1,923**	3,047
	11,736	10,566
Lease liabilities	**983**	1,015

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in the normal course of business. The Group does not have written risk management policies and guidelines. However, the directors of the Company meet periodically to analyse and formulate strategies to manage the Group's exposure to market risks (specifically to foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Generally, the Group utilises conservative strategies on its risk management. The Group's exposure to market risk is kept to minimum. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency risk

The Group operates in Singapore with most of the transactions denominated and settled in S$ and HK$. No foreign currency risk has been identified for the financial assets and financial liabilities denominated in S$, which are the functional currencies of the subsidiaries in Singapore to which these transactions relate.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The following table indicates the approximate effect on the result for the year in response to reasonably possible changes in the foreign exchange rates, with all other variables held constant, to which the Group has significant exposure at the end of the reporting period. The appreciation and depreciation of 5% in S$ exchange rate against foreign currencies represents management's assessment of a reasonably possible change in currency exchange rate over the year.

	2023	2022
	S$'000	S$'000
HK$ to S$		
Appreciation by 5%	**(74)**	(76)
Depreciation by 5%	**74**	76

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to certain fixed-rate bank borrowings (Note 26) and pledged deposits (Note 23). The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents (Note 23) and certain variable-rate bank borrowings (Note 26). It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

As at 31 December 2023, it is estimated that a general increase/decrease of 50 (2022: 50) basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit for the year (through the impact on the Group's bank borrowings which are subject to floating interest rate) by approximately S$6,000 (2022: S$4,000). No impact would be on other components of consolidated equity in response to the general increase/decrease in interest rates.

The sensitivity analysis as above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 50 basis point increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets and contract assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from cash and cash equivalents, trade and other receivables and contract assets. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets and contract assets.

The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. Most of the Group's cash and cash equivalents are held in major reputable financial institutions, which management believes are of high credit quality.

The Group has a certain concentration of credit risk with respect to trade receivables. As at 31 December 2023, the Group's top three debtors and the largest debtor amounting to approximately S$3,491,000 and S$1,938,000 (2022: S$2,052,000 and S$793,000) represents 47.8% and 26.5% (2022: 37.7% and 14.6%) of trade receivables respectively. These customers have a good settlement record and reputation.

For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

The Group recognised lifetime ECL for trade receivables based on the ageing of customers collectively that are not individually significant as follows:

2023

	Expected loss rate %	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Current (not past due)	**2.35%**	**6,232**	**(146)**	**6,086**
1 to 30 days past due	**10.36%**	**1,078**	**(112)**	**966**
31 to 90 days past due	**19.93%**	**232**	**(46)**	**186**
91 to 180 days past due	**27.14%**	**146**	**(40)**	**106**
Over 180 days past due	**83.83%**	**70**	**(58)**	**12**
		7,758	**(402)**	**7,356**

2022

	Expected loss rate %	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Current (not past due)	0.00%	4,360	–	4,360
1 to 30 days past due	0.00%	884	–	884
31 to 90 days past due	0.00%	176	–	176
91 to 180 days past due	0.00%	25	–	25
Over 180 days past due	98.88%	89	(88)	1
		5,534	(88)	5,446

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

The Group recognised lifetime ECL for contract assets based on the ageing of customers collectively that are not individually significant as follows:

2023

	Expected loss rate %	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Current (not past due)	**7.16%**	**5,656**	**(406)**	**5,250**
		5,656	**(406)**	**5,250**

2022

	Expected loss rate %	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Current (not past due)	3.39%	3,389	(115)	3,274
Over 180 days past due	35.62%	1,353	(482)	871
		4,742	(597)	4,145

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

For deposits and other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group recognised lifetime ECL for deposits and other receivables based on individually significant debtors as follows:

2023

	Expected loss rate %	**Gross carrying amount S$'000**	**Loss allowance S$'000**	**Net carrying amount S$'000**
Current (not past due)	**1.74%**	**349**	**(6)**	**343**
Over 180 days past due	**9.92%**	**515**	**(51)**	**464**
		864	**(57)**	**807**

2022

	Expected loss rate %	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Current (not past due)	4.83%	2,277	(110)	2,167
Over 180 days past due	9.02%	640	(58)	582
		2,917	(168)	2,749

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

The Group's exposure to credit risk

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

In order to minimise credit risk, the Group has tasked a team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired (refer to as Stage 2)	Lifetime ECL – not credit-impaired
Default	Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The table below details the credit quality of the Group's financial assets and contract assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

31 December 2023	**Notes**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount S$'000**	**Loss allowance S$'000**	**Net carrying amount S$'000**
Trade receivables	**18**	**Note**	**Lifetime ECL (simplified approach)**	**7,758**	**(402)**	**7,356**
Contract assets	**19**	**Note**	**Lifetime ECL (simplified approach)**	**5,656**	**(406)**	**5,250**
Deposits and other receivables	**20**	**Performing**	**12-month ECL**	**1,726**	**(57)**	**1,669**
				15,140	**(865)**	**14,275**

31 December 2022	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Trade receivables	18	Note	Lifetime ECL (simplified approach)	5,534	(88)	5,446
Contract assets	19	Note	Lifetime ECL (simplified approach)	4,742	(597)	4,145
Deposits and other receivables	20	Performing	12-month ECL	2,917	(168)	2,749
				13,193	(853)	12,340

Note: For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

For deposits and other receivables, management makes periodic as individual assessment on the recoverability based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management believes that there is no material credit risk inherent in the Group's outstanding balance of deposits and other receivables.

The credit risk for bank balances is considered not material as such amounts are placed in reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regard as low.

No significant changes to estimation techniques or assumptions were made during the year.

Movement in the loss allowance account in respect of trade receivables, contract assets and deposits and other receivables during the year is as follows:

	Trade receivables	**Contract assets**	**Deposits and other receivables**	**Total**
	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2022	88	241	1,819	2,148
Written off	–	–	(1,796)	(1,796)
Impairment losses recognised (Note 11)	–	356	145	501
Balance at 31 December 2022 and 1 January 2023	**88**	**597**	**168**	**853**
Impairment losses/(reversal of impairment losses) recognised (Note 11)	**314**	**(191)**	**(111)**	**12**
Balance at 31 December 2023	**402**	**406**	**57**	**865**

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings, also regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group's liquidity position is monitored on a daily basis by management.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table 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 maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Carrying amount S$'000	Total contractual undiscounted cash flow S$'000	Within 1 year or on demand S$'000	More than 1 year but less than 2 years S$'000	More than 2 years but less than 5 years S$'000	Over 5 years S$'000
At 31 December 2023						
Trade and retention sum payables	**1,894**	**1,894**	**1,894**	**–**	**–**	**–**
Other payables and accruals	**7,919**	**7,919**	**7,919**	**–**	**–**	**–**
Bank borrowings	**1,923**	**1,960**	**1,171**	**789**	**–**	**–**
	11,736	**11,773**	**10,984**	**789**	**–**	**–**
Lease liabilities	**957**	**1,205**	**95**	**95**	**285**	**730**
At 31 December 2022						
Trade and retention sum payables	1,145	1,145	1,145	–	–	–
Other payables and accruals	6,374	6,374	6,374	–	–	–
Bank borrowings	3,047	3,140	1,178	1,178	784	–
	10,566	10,659	8,697	1,178	784	–
Lease liabilities	1,015	1,301	95	95	285	826

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(v) Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is mainly exposed to change in market prices of listed equity securities and quoted fund investments in respect of its investments in listed equity and quoted fund investments classified as financial assets at FVTPL. The management will monitor the price movements and take appropriate actions when it is required.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective listed equity securities had been 15% (2022: 15%) higher/lower, post-tax loss for the year ended 31 December 2023 would decrease/increase by approximately S$81,000 (2022: S$128,000) as a result of the changes in fair value of financial assets at FVTPL.

(vi) Fair value measurements

Disclosures of level in fair value hierarchy:

		At 31 December 2023			
	Note	**Level 1 S$'000**	**Level 2 S$'000**	**Level 3 S$'000**	**Total S$'000**
Recurring fair value measurements:					
Financial assets at FVTPL:					
Listed equity securities	(a)	**648**	**–**	**–**	**648**

		At 31 December 2022			
	Note	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Recurring fair value measurements:					
Financial assets at FVTPL:					
Listed equity securities	(a)	1,026	–	–	1,026

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(vi) Fair value measurements (Continued)

There have been no transfers between levels 1, 2 and 3 for the years ended 31 December 2023 and 2022. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

Notes:

(a) The listed equity securities are denominated in HK$, S$ and US$. Fair values have been determined by reference to their quoted bid prices at the reporting date.

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

39. CAPITAL MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. The Group's overall strategy remains unchanged from prior year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The capital structure of the Group consists of debts, which includes the bank borrowings (Note 26), lease liabilities (Note 27), cash and cash equivalents (Note 23) and total equity, comprising share capital (Note 29) and reserves (Note 30). The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

	2023	2022
	S$'000	S$'000
Bank borrowings	**1,923**	3,047
Lease liabilities	**983**	1,015
Less: Cash and cash equivalents	**(10,316)**	(5,810)
Net debt	**(7,410)**	(1,748)
Total equity	**14,388**	13,483
Net debt to equity ratio	**N/A**	N/A

40. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

1. On 26 January 2024, after trading hours of the Stock Exchange, Splendor Investment Limited (the "Offeror"), Amber Capital Holdings Limited (the "Vendor"), Mr. Goh, Astrum Capital Management Limited and Red Sun Capital Limited entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, an aggregate of 204,800,000 Sale Shares, representing 51.20% of the total issued share capital of the Company; and

2. the commencement of the trading of mobile phone business in January 2024.

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**44,318**	32,641	16,018	9,433	20,406
Profit/(loss) before tax	**1,735**	308	(3,715)	(1,880)	101
Profit/(loss) for the year	**999**	292	(3,715)	(2,064)	152
Profit/(loss) and total comprehensive income/(expense) for the year	**905**	386	(3,693)	(2,075)	172

ASSETS AND LIABILITIES

	As at 31 December				
	2023	2022	2021	2020	2019
	S$'000	S$'000	S$'000	S$'000	S$'000
Total assets	**33,929**	28,792	27,016	27,304	26,175
Total liabilities	**19,541**	15,309	13,919	10,514	7,310
Total equity	**14,388**	13,483	13,097	16,790	18,865