CIRCULAR DATED 11 MARCH 2025

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

OKH GLOBAL LTD.

(Company Registration No.: 35479)
(Incorporated in Bermuda)

Financial Adviser to the Company

UNITED OVERSEAS BANK LIMITED
(Company Registration No.: 193500026Z)
(Incorporated in the Republic of Singapore)

Independent Financial Adviser in respect of the proposed Whitewash Resolution and the Proposed Transaction

STIRLING COLEMAN CAPITAL LIMITED
(Company Registration No.: 200105040N)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS
in relation to

1. **THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CHIP ENG SENG CONSTRUCTION PTE. LTD. FROM (A) ACROPHYTE PTE. LTD. (FORMERLY KNOWN AS CHIP ENG SENG CORPORATION LTD.); (B) MR. CHIA LEE MENG RAYMOND; (C) MR. MICHAEL TONG CHIEW; (D) MR. LIN DAQI; AND (E) MS. WONG TZE THENG FOR AN INITIAL CONSIDERATION AMOUNT OF S$118,548,000 SUBJECT TO ADJUSTMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE SPA (AS HEREINAFTER DEFINED), WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION AND A VERY SUBSTANTIAL ACQUISITION UNDER CHAPTER 9 AND CHAPTER 10 OF THE LISTING MANUAL (AS HEREINAFTER DEFINED) RESPECTIVELY;**
2. **THE PROPOSED ALLOTMENT AND ISSUANCE OF AN AGGREGATE OF UP TO 2,257,197,258 SHARES BY THE COMPANY TO THE VENDORS AT AN ISSUE PRICE OF S$0.05252 PER SHARE AS CONSIDERATION FOR THE PROPOSED ACQUISITION;**
3. **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF THE INDEPENDENT SHAREHOLDERS (WHITEWASH) (BEING SHAREHOLDERS OTHER THAN THE CONCERT PARTY GROUP (AS HEREINAFTER DEFINED) AND PARTIES NOT INDEPENDENT OF THEM) TO RECEIVE A MANDATORY GENERAL OFFER FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE CONCERT PARTY GROUP;**
4. **THE PROPOSED APPOINTMENT OF MR. CHIA LEE MENG RAYMOND AS DIRECTOR UPON COMPLETION;**
5. **THE PROPOSED APPOINTMENT OF MR. MICHAEL TONG CHIEW AS DIRECTOR UPON COMPLETION;**
6. **THE PROPOSED APPOINTMENT OF MR. TANG JIALIN AS DIRECTOR UPON COMPLETION;**
7. **THE PROPOSED APPOINTMENT OF MR. ABDUL JABBAR BIN KARAM DIN AS DIRECTOR UPON COMPLETION;**
8. **THE PROPOSED APPOINTMENT OF PROF. LOW TECK SENG AS DIRECTOR UPON COMPLETION;**
9. **THE PROPOSED APPOINTMENT OF DR. NEO BOON SIONG AS DIRECTOR UPON COMPLETION;**
10. **THE PROPOSED APPOINTMENT OF MR. SHNG YUNN CHINN AS DIRECTOR UPON COMPLETION;**
11. **THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM "OKH GLOBAL LTD." TO "GRC LIMITED"; AND**
12. **THE PROPOSED CHANGE OF AUDITOR OF THE COMPANY FROM BDO LLP TO ERNST & YOUNG LLP.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	1 April 2025 at 2:00 p.m.
Date and time of Special General Meeting	:	3 April 2025 at 2:00 p.m.
Place of Special General Meeting	:	Furama City Centre, Ballroom 1, Level 5, 60 Eu Tong Sen Street, Singapore 059804

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular shall have the same meanings as defined in this Circular.

If you have sold or transferred all your ordinary shares (the "**Shares**") in the capital of OKH Global Ltd. (the "**Company**") held through The Central Depository (Pte) Limited (the "**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the accuracy of any of the statements made or opinions expressed or reports contained in this Circular. Approval in-principle has been granted by the SGX-ST to the Company for the Proposed Acquisition, a Very Substantial Acquisition, and the listing and quotation of the Consideration Shares on the SGX-ST subject to certain conditions. Approval in-principle granted by the SGX-ST to the Company is not to be taken as an indication of the merits of the Proposed Transaction, the Consideration Shares, the Company and/or its subsidiaries.

The information on the cover of this Circular should be read with the full information contained in the rest of this Circular. If there should be any inconsistency or conflict between this section and the rest of this Circular, the rest of this Circular shall prevail.

YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" WHICH ARE DESCRIBED IN PARAGRAPH 16 OF THIS CIRCULAR.

1 | Proposed Acquisition of Chip Eng Seng Construction Pte. Ltd.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries (the "**Target Group**") are engaged in the following business activities:

1 Building Construction	Undertakes public sector projects (mainly public housing projects), private projects (such as condominiums and executive condominiums) and industrial and commercial projects
2 Building Construction in Australia	Builds private residential projects, community housing and aged care & education facilities
3 Civil Infrastructure	Design and build construction service provider that specialises in civil, industrial and utilities infrastructure projects
4 Environmental & Sustainability	Provides design, engineering, supply, and commissioning of water and wastewater treatment technologies and solutions, as well as offers project management and consultancy services for sustainability solutions in buildings and industrial plants
5 Prefabrication Technology	Supplies precast concrete materials for residential, commercial, industrial and infrastructure projects and provides 3D printing technology services
6 Procurement	Provides procurement services relating to construction-related supplies and materials and related services

Target Group's Certifications

- **Civil Infrastructure: A1 Classifications for General Building (CW01) and Civil Engineering (CW02) Contractors**
  Qualified to tender for public sector contracts that have an **unlimited** tender sums
- **Building Construction: A1 Classification for General Building Contractors**
  Qualified to tender for public sector projects that have an **unlimited** contract value
- **Civil Engineering Contractors: A2 and B2 Gradings**
  Qualified to tender for public sector civil engineering projects with values of up to **S$105 million** and **S$16 million** respectively
- **L6 Mechanical Engineering (ME11) Workhead**
  Qualified to tender for public sector contracts in Singapore with **unlimited** tender sums
- **CR10B "Precast Concrete Works" and Financial Category L6**
  Qualified to bid for public sector prefabrication contracts of **unlimited** tender sums
- **Approved Materials Supplier for the Housing & Development Board projects**

All capitalised terms shall, if not otherwise defined, bear the same meanings as ascribed to them in this Circular.

2 Principal Terms of the Proposed Transaction

The Proposed Acquisition

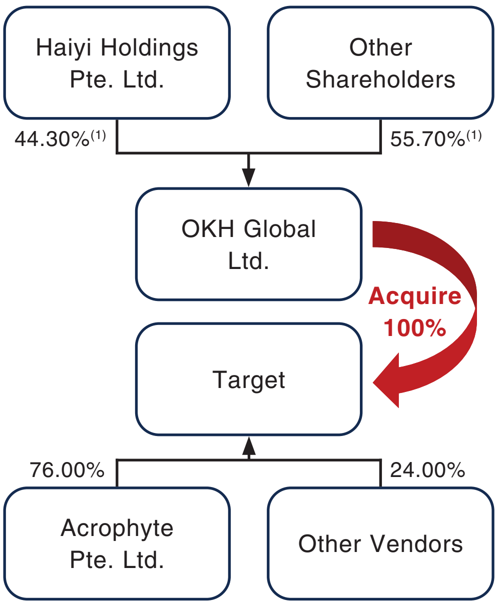
The Proposed Issuance

- The Company will acquire the entire issued and paid-up share capital of Chip Eng Seng Construction Pte. Ltd. (the "**Target**") at a consideration of S$118,548,000 (the "**Initial Consideration**"), subject to the adjustment mechanism agreed between the Company and the Vendors in the SPA, pursuant to which the Initial Consideration shall be adjusted to take into account the NAV of the Target Group as at the date falling five (5) Business Days before the Completion Date (the amount of consideration after any adjustment (if applicable), being the "**Final Consideration**").
- The Initial Consideration was arrived at on a willing-buyer willing-seller basis, taking into account *inter alia*, the NAV of the Group as at 30 June 2024 and the market value of the Target Group as at the valuation date of 30 June 2024 as assessed by the Independent Valuer.
- The Final Consideration will be satisfied by the proposed allotment and issuance by the Company of an aggregate of up to 2,257,197,258 Shares to the Vendors (the "**Consideration Shares**") at the issue price of S$0.05252 per Share (the "**Issue Price**"). The Issue Price is pegged at NAV per Share as at 30 June 2024.

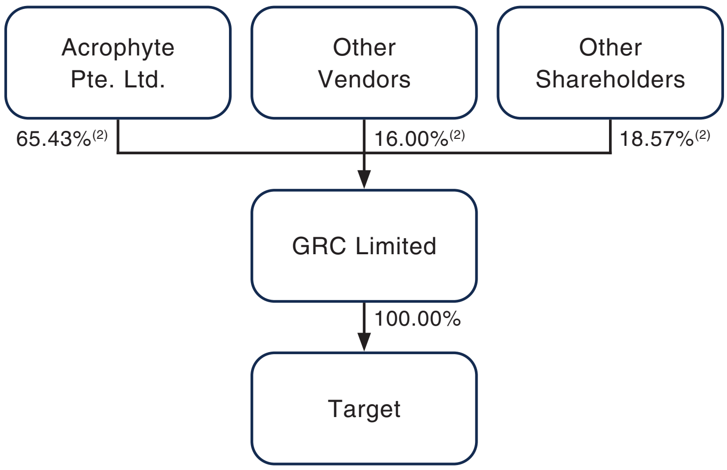
Required Approvals

- The Proposed Transaction will be subject to the approval of the SGX-ST and the shareholders of the Company at a special general meeting to be convened (the "**SGM**").
- Mr. Gordon Tang, Mrs. Celine Tang, Acrophyte Pte. Ltd. and Mr. Michael Tong Chiew and each of their associates will abstain from voting on the resolutions relating to the Proposed Transaction at the SGM.

Shareholding Structure as at Latest Practicable Date



Shareholding Structure following Completion and the completion of the Tang Restructuring



(1) Based on the Company's issued and paid-up share capital of 1,128,657,445 Shares as at the Latest Practicable Date and rounded to two (2) decimal places.

(2) Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

The Proposed Transaction would allow the Group to emerge as one of the significant players in the building and construction industry

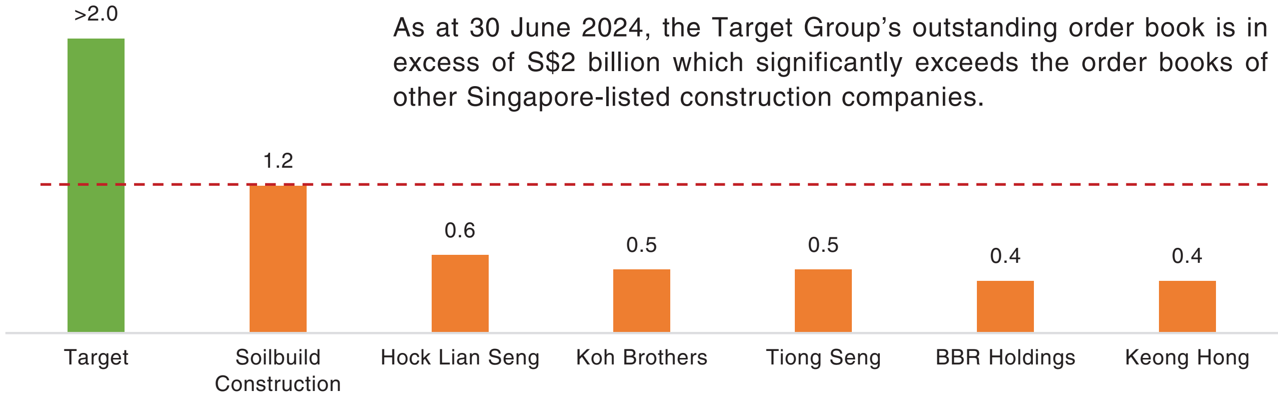
All capitalised terms shall, if not otherwise defined, bear the same meanings as ascribed to them in this Circular.

1 New growth engine to revitalise the Group

- The Group shall revitalise growth by integrating its construction capabilities with the Target Group's expertise. By combining the proven track records and leveraging a broader range of in-house technical expertise, the Enlarged Group will be better positioned to undertake a wider variety of construction projects, including its own developments and third-party contracts.

Order Book (S$'b)[1]

As at 30 June 2024, the Target Group's outstanding order book is in excess of S$2 billion which significantly exceeds the order books of other Singapore-listed construction companies.

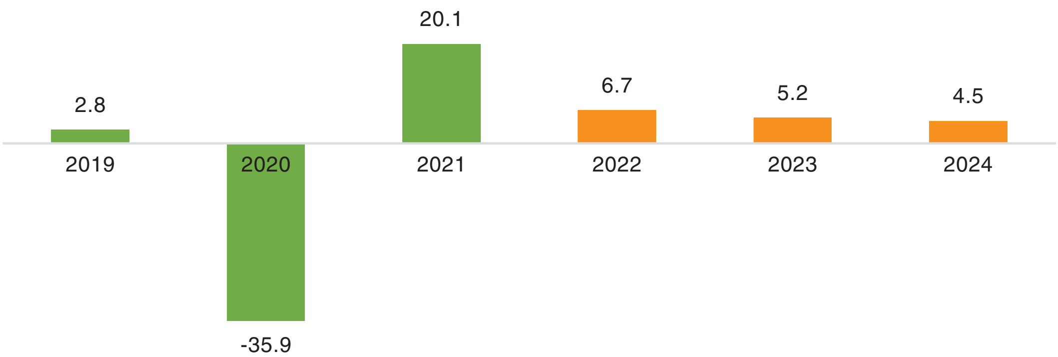


(1) Information relating to the order books of the Singapore-listed construction companies are extracted from public announcements on the SGX-ST and are as of 30 June 2024, except for Keong Hong Holdings Limited's order book which is as of 30 September 2024.

2 Opportunity to participate in robust demand for the building and construction industry

- According to the Ministry of Trade and Industry, the construction sector grew 4.4% year-on-year in the fourth quarter of 2024, following the 5.6% expansion in the previous quarter. Construction output was supported by expansions in both the public and private sectors.[1]
- The Building and Construction Authority expects total construction demand to average between S$39 billion and S$46 billion per annum from 2026 to 2029.[2]
- The Target is well-positioned to leverage its strong position and credentials and capitalise on the robust demand in the construction sector.

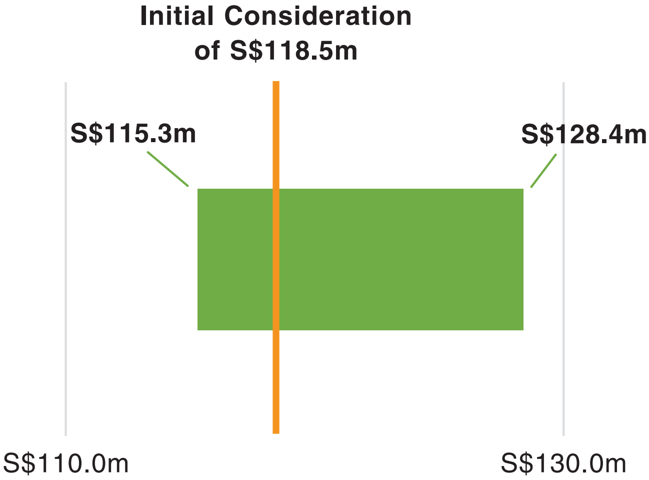
Construction Sector Year-on-Year Growth (%)[1]



(1) https://www.mti.gov.sg/Resources/Economic-Survey-of-Singapore. Figures presented are based on figures reported in each respective year or period.
(2) https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2025/01/23/construction-demand-to-remain-strong-for-2025

All capitalised terms shall, if not otherwise defined, bear the same meanings as ascribed to them in this Circular.

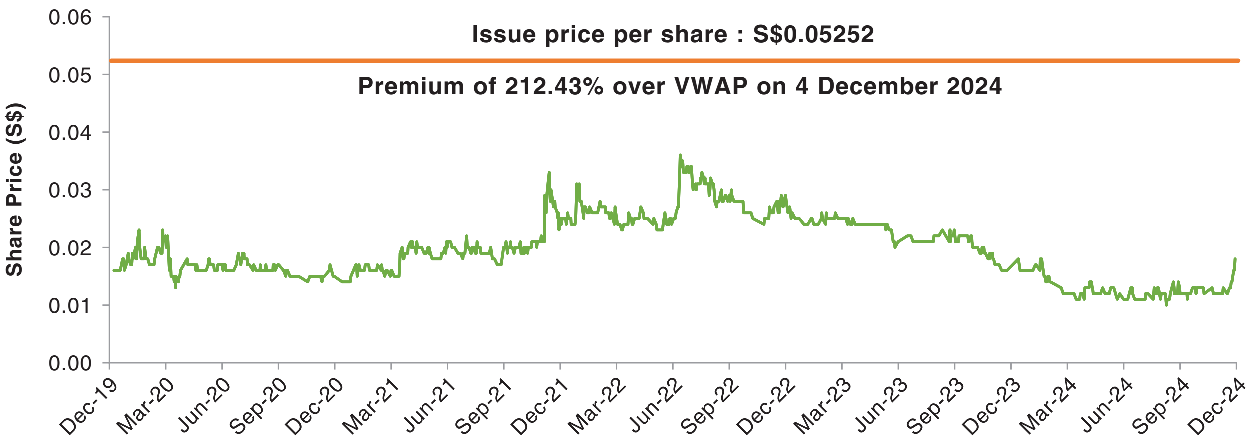
3 | Initial Consideration falls within the market value range assessed by the Independent Valuer



- The market value for the Target Group has been assessed by the Independent Valuer to be in the range of approximately S$115.3 million and S$128.4 million.
- The Initial Consideration falls within the lower end of the market value range assessed by the Independent Valuer.

4 | All-shares consideration is beneficial to shareholders of the Group

- All-shares consideration strengthens the Group's capital base and preserves cashflow without raising new debt or equity funds to satisfy the consideration.
- The Vendors are receiving Consideration Shares and not cashing out, ensuring alignment of interest between the Vendors and the Shareholders to work towards further growth and appreciation of the Enlarged Group.
- The Consideration Shares are issued at an issue price of S$0.05252 per share, which is pegged to the NAV of the Group, to preserve the value of the Group.
- The Issue Price significantly exceeds the closing prices of the Shares for the past five (5) years and represents a premium of approximately 212.43% over the volume weighted average price ("**VWAP**") of S$0.01681 per Share for 4 December 2024, being the last full market day prior to the Acquisition Announcement Date.[1]



(1) The issue price and corresponding premium to VWAP need to be considered in conjunction with the other terms of the Proposed Transaction including the Initial Consideration.

All capitalised terms shall, if not otherwise defined, bear the same meanings as ascribed to them in this Circular.

Opinion of the Independent Financial Adviser

An extract of the opinion of Stirling Coleman Capital Limited, the independent financial adviser in respect of the proposed Whitewash Resolution and the Proposed Transaction, is set out below:

"Having carefully considered the information available to us, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date and based on the factors, *inter alia*, set out in section 7 above…and subject to the qualifications and assumptions made herein, we are of the view that:

(i) the Proposed Transaction (comprising the Proposed Acquisition and Proposed Issuance) as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders; and

(ii) the terms of the Proposed Transaction, which is the subject of the proposed Whitewash Resolution are fair and reasonable and the proposed Whitewash Resolution is not prejudicial to the interests of the Independent Shareholders (Whitewash).

Accordingly, we are of the view that the Recommending Directors should recommend that Shareholders **VOTE IN FAVOUR** of the Proposed Transaction (comprising the Proposed Acquisition and Proposed Issuance) and the proposed Whitewash Resolution to be proposed at the SGM."

Directors' Recommendations

An extract of the recommendation by the Directors is set out below:

"The Directors (save for CT and Mr. Lock Wai Han who have abstained from making certain recommendations as detailed below), having considered and reviewed, amongst other things, the terms of, rationale for, benefits of, and financial effects of the Proposed Transaction, the risk factors and other investment considerations, the valuation report by the Independent Valuer on the Target Group, the advice of the IFA in relation to the Proposed Transaction and the proposed Whitewash Resolution as set out in the IFA Letter, the Audit Committee's recommendations in relation to the Proposed Change of Auditor, the rationale for the Proposed Change of Name and all other relevant facts set out in this Circular, are of the opinion that:

(a) the Proposed Acquisition;
(b) the Proposed Issuance;
(c) the Whitewash Resolution;
(d) the Proposed Appointment;
(e) the Proposed Change of Auditor; and
(f) the Proposed Change of Name;

are in the best interests of the Company and are not prejudicial to the interests of the minority Shareholders. Accordingly, the Directors recommend that Shareholders (which for the purposes of (i) the Proposed Transaction shall mean the Independent Shareholders (IPT); and (ii) the Whitewash Resolution shall mean the Independent Shareholders (Whitewash)) **VOTE IN FAVOUR** of each of the resolutions set out in the Notice of SGM.

CT is interested in and has abstained from making any recommendations in respect of the transactions in sub-paragraphs (a) to (c) above.

Mr. Lock Wai Han has abstained from making any recommendations in respect of the transactions in sub-paragraphs (a) to (c) above."

IT IS IMPORTANT THAT YOU READ THE ABOVE EXTRACTS TOGETHER WITH AND IN THE CONTEXT OF THE IFA LETTER, WHICH CAN BE FOUND IN APPENDIX A TO THIS CIRCULAR AND THE DIRECTORS' RECOMMENDATIONS, WHICH CAN BE FOUND AT PAGE 151 AND 152 OF THIS CIRCULAR. YOU ARE ADVISED AGAINST RELYING SOLELY ON THESE EXTRACTS, WHICH ARE ONLY MEANT TO DRAW ATTENTION TO THE OPINION OF THE IFA AND THE RECOMMENDATION OF THE DIRECTORS.

All capitalised terms shall, if not otherwise defined, bear the same meanings as ascribed to them in this Circular.

Summary of Resolutions

The SGM will be convened for the purpose of considering and, if thought fit, passing (with or without any modifications) the following resolutions:

1. **The proposed acquisition of the entire issued and paid-up share capital of the Target**
2. **The proposed allotment and issuance of an aggregate of up to 2,257,197,258 Shares by the Company to the Vendors at the issue price of S$0.05252 per Share as consideration for the Proposed Acquisition**
3. **The proposed whitewash resolution for the waiver of the right of the Independent Shareholders (Whitewash) to receive a mandatory general offer for all the Shares not already owned, controlled or agreed to be acquired by the Concert Party Group**
4. **The proposed appointment of the Proposed New Directors upon Completion**
5. **The proposed change of name of the Company from "OKH Global Ltd." to "GRC Limited"**
6. **The proposed change of auditor of the Company from BDO LLP to Ernst & Young LLP**

Shareholders should note that resolutions 1, 2 and 3 are inter-conditional upon the passing of each other, and that the remaining resolutions are conditional upon the passing of resolutions 1, 2 and 3. If any of resolutions 1, 2 or 3 are not passed, the other resolutions will not be passed.

How do I exercise my vote?

Shareholders should receive a Notice of SGM and a Proxy Form

EITHER: Attend the SGM in person to cast your vote

Date	:	3 April 2025
Time	:	2:00 p.m.
Venue	:	Furama City Centre, Ballroom 1, Level 5, 60 Eu Tong Sen Street, Singapore 059804

OR: Vote by Proxy

Appoint a proxy to vote on your behalf by returning the duly signed Proxy Form (found at the back of this Circular) by 2:00 p.m. on 1 April 2025

All capitalised terms shall, if not otherwise defined, bear the same meanings as ascribed to them in this Circular.

TABLE OF CONTENTS

CORPORATE INFORMATION

Existing Board	Mrs. Celine Tang (Non-Executive Chairman) Mr. Lock Wai Han (Executive Director and Chief Executive Officer) Mr. Ong Soon Teik (Non-Executive Non-Independent Director) Mr. Lim Eng Hoe (Non-Executive Non-Independent Director) Mr. Hwang Soo Chin (Lead Independent Director) Ms. Ng Kheng Choo (Independent Director) Mr. Yeo Gek Leong Clarence (Independent Director)
Subject to Shareholders' approval for the appointment of the Proposed New Directors to the Board at the SGM, the New Board upon Completion	Mr. Chia Lee Meng Raymond (Non-Executive and Non-Independent Chairman) Mr. Michael Tong Chiew (Non-Executive and Non-Independent Director) Mr. Tang Jialin (Non-Executive and Non-Independent Director) Mr. Abdul Jabbar Bin Karam Din (Lead Independent Director) Prof. Low Teck Seng (Independent Director) Dr. Neo Boon Siong (Independent Director) Mr. Yeo Gek Leong Clarence (Independent Director) Mr. Shng Yunn Chinn (Independent Director)
Company Secretary	Ms. Loo Shi Yi Ms. Kong Wei Fung
Registered Office and Head Office of the Company	Registered Office Clarendon House 2 Church Street, Hamilton HM11, Bermuda Tel: +1 (441) 295 5950 Fax: +1 (441) 292 4720 Head Office 171 Chin Swee Road #02-01 CES Centre Singapore 169877 Tel: +65 6345 0544 Fax: +65 6344 5811
Share Transfer Agent	In.Corp Corporate Services Pte. Ltd. 36 Robinson Road #20-01 City House Singapore 068877
Financial Adviser to the Company in respect of the Proposed Transaction	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

Reporting Accountants to the Company and Auditor of the Target	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583 Partner-in-charge: Mr. Low Bek Teng (Chartered Accountant, a member of the Institute of Singapore Chartered Accountants)
Auditor to the Company	:	BDO LLP Public Accountants and Chartered Accountants 600 North Bridge Road #23-01 Parkview Square Singapore 188778 Partner-in-charge: Mr. Stephen Leong Wenjie, Member of the Institute of Singapore Chartered Accountants (ISCA) and Bachelor of Accountancy (Honours), Nanyang Technological University (NTU)
Legal Adviser to the Company in respect of Singapore Law	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser to the Company in respect of Bermuda Law	:	Conyers Dill & Pearman Pte. Ltd. 9 Battery Road #20-01 MYP Centre Singapore 049910
Legal Adviser to the Target and the Vendors in respect of Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Independent Valuer for the Target Group	:	RSM SG Corporate Advisory Pte. Ltd. 8 Wilkie Road #03-08, Wilkie Edge Singapore 228095
Independent Financial Adviser in relation to the Proposed Transaction and the Proposed Whitewash Resolution	:	Stirling Coleman Capital Limited 9 Raffles Place #05-565 Republic Plaza Singapore 048619

Principal Bankers to the Group	:	Overseas-Chinese Banking Corporation Limited United Overseas Bank Limited
Principal Bankers to the Target Group	:	DBS Bank Ltd Malayan Banking Berhad Overseas-Chinese Banking Corporation Limited RHB Banking Group The Hongkong and Shanghai Banking Corporation Limited United Overseas Bank Limited

DEFINITIONS

The following definitions shall apply throughout this Circular unless the context otherwise requires or unless otherwise stated:

"**1H2023**"	:	In respect of the Target Group, the financial period of six (6) months ended 30 June 2023
"**1H2024**"	:	In respect of the Target Group, the financial period of six (6) months ended 30 June 2024
"**2Q2025**"	:	Second quarter of 2025
"**30 June 2024 Valuation**"	:	The valuation of the Target Group undertaken by the Independent Valuer as at the valuation date of 30 June 2024. Further details of the valuation are set out in paragraph 2.4 of this Circular
"**Acquisition Announcement**"	:	The announcement released on 4 December 2024 by the Company titled "*Proposed acquisition of the entire issued and paid-up share capital of Chip Eng Seng Construction Pte. Ltd. and allotment and issuance of shares in OKH Global Ltd. as consideration for the proposed acquisition*"
"**Acquisition Announcement Date**"	:	4 December 2024
"**ACRA**"	:	Accounting and Corporate Regulatory Authority of Singapore
"**Acrophyte Group**"	:	APL together with its subsidiaries
"**AGM**"	:	Annual general meeting of the Company
"**AHPL Share Charges**"	:	The share charges over 1,938,692 issued and fully paid-up ordinary shares in Amboss Holdings Pte. Ltd. (formerly known as Deltanvil Pte. Ltd. and Pan Asia Logistics Holdings Singapore Pte. Ltd.) granted by Chronoz in favour of Jadewin
"**APL**"	:	Acrophyte Pte. Ltd.
"**APL Fundamental Warranties**"	:	The representations and warranties made by APL in connection with the Proposed Acquisition as set out in paragraphs 2.1, 2.2, 2.8, 3.1 and 3.2 (other than paragraph 3.2(a)(i)) of Schedule 2 of the SPA relating to, *inter alia*, the capacity and authority of APL to enter into and perform its obligations under the SPA, and APL's title to the Sale Shares held by it

"**APL Group**"	:	APL, its holding company from time to time and any subsidiary or associated company from time to time of APL or such holding company (but excluding the Group Companies)
"**APL Moratorium**"	:	The moratorium undertaking provided by APL in favour of the Company in respect of the Relevant APL Shares
"**APL Warranties**"	:	The representations and warranties made by APL in connection with the Proposed Acquisition as set out in Clause 7.2, Clause 7.6 and Schedule 2 of the SPA relating to, *inter alia*, the business and operations of the Target Group
"**AQIs**"	:	The Audit Quality Indicators pursuant to the Audit Quality Indicators Disclosure Framework issued by ACRA
"**ARC**"	:	The Audit and Risk committee of the Company upon Completion
"**AUD**"	:	The lawful currency of Australia
"**Audit Committee**"	:	The audit committee of the Company prior to Completion
"**Auditor**"	:	The auditor of the Company
"**BCA**"	:	Building and Construction Authority
"**BCV**"	:	Buxton Construction (Vic) Pty Ltd, a company that had novated the Monash Student Accommodation contract to GRC Buxton in April 2024 after GRC Buxton had been incorporated and set up. Further details of the Monash Student Accommodation contract are set out at paragraph 1(b) of **Appendix G** of this Circular
"**BDO**"	:	BDO LLP
"**BDO Section 89(3A) Statement**"	:	The written statement from BDO to EY pursuant to and in accordance with Section 89(3A) of the Bermuda Companies Act
"**Bermuda Companies Act**"	:	The Companies Act 1981 of Bermuda, as amended or modified from time to time
"**Bermuda Registrar**"	:	Registrar of Companies in Bermuda
"**Board**"	:	The board of directors of the Company for the time being
"**Board Committees**"	:	Board committees of the Company after Completion

"**Business**"	:	The businesses of the Target Group Companies comprising the following primary business segments: (a) building construction; (b) building construction in Australia; (c) civil infrastructure; (d) environmental and sustainability; (e) prefabrication technology; and (f) procurement
"**Business Day**"	:	A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and Bermuda
"**Bye-laws**"	:	The bye-laws of the Company, as may be amended from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**CES Contractors**"	:	Chip Eng Seng Contractors (1988) Pte Ltd, a wholly-owned subsidiary of the Target
"CES Eco"	:	CES Eco Solutions Pte. Ltd., a wholly-owned subsidiary of the Target
"**CES E&C**"	:	CES Engineering & Construction Pte. Ltd., a wholly-owned subsidiary of the Target
"**CES INNOVFAB**"	:	CES_INNOVFAB Pte. Ltd., a wholly-owned subsidiary of the Target
"**CES Precast**"	:	CES-Precast Pte. Ltd., a wholly-owned subsidiary of the Target
"**CES_Salcon**"	:	CES_Salcon Pte. Ltd., a wholly-owned subsidiary of the Target
"**CES_SDC**"	:	CES_SDC Pte. Ltd., a wholly-owned subsidiary of the Target
"**Chronoz**"	:	Chronoz Investment Holding Pte. Ltd., formerly a wholly-owned subsidiary of the Company before Chronoz was struck off on 27 March 2023
"**Circular**"	:	This circular to Shareholders dated 11 March 2025
"**Code**"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"**Companies Act**"	:	The Companies Act 1967 of Singapore, as amended or modified from time to time
"**Company**"	:	OKH Global Ltd.

"**Company's Fundamental Warranties**"	:	The representations and warranties made by the Company in connection with the Proposed Acquisition as set out in paragraphs 2.1, 2.2, 2.8, 3.1 and 3.2 (other than paragraph 3.2(a)(i)) of Schedule 3 of the SPA relating to, *inter alia*, the capacity and authority of the Company to enter into and perform its obligations under the SPA, including the right to allot and issue the Consideration Shares
"**Company's Warranties**"	:	The representations and warranties made by the Company in connection with the Proposed Acquisition as set out in Clause 7.3, Clause 7.7 and Schedule 3 of the SPA relating to, *inter alia*, the business and operations of the Group
"**Completion**"	:	Completion of the Proposed Transaction
"**Completion Date**"	:	The date falling 10 Business Days after the date of fulfilment or waiver of the last of the Conditions set out in paragraphs 3.2(c)(i) to 3.2(c)(vi) of this Circular, or such other date as the Company and the Vendors may mutually agree in writing
"**Concert Party Group**"	:	In relation to the proposed Whitewash Resolution, APL and persons acting in concert with it, whereby the term "**acting in concert**" shall have the meaning ascribed to it in the Code
"**Conditional Resolutions**"	:	Collectively, Ordinary Resolutions 4 to 11 and Special Resolution 1 as set out in the Notice of SGM, and "**Conditional Resolution**" shall mean any one of them
"**Conditions**"	:	The conditions precedent to the Proposed Transaction as set out in paragraph 3.2(c) of this Circular
"**Consideration Adjustment**"	:	The adjustment mechanism agreed between the Company and the Vendors in the SPA, pursuant to which the Initial Consideration of S$118,548,000 payable by the Company to the Vendors for the Proposed Acquisition shall be adjusted to take into account the NAV of the Target Group as at the date falling five (5) Business Days before the Completion Date. Further details of the Consideration Adjustment are set out at paragraph 3.2(b) of this Circular
"**Consideration Shares**"	:	The aggregate of up to 2,257,197,258 Shares, representing 66.67% of the issued and paid-up share capital of the Company upon Completion[1], to be allotted and issued by the Company to the Vendors at the Issue Price on the Completion Date in satisfaction of the Final Consideration, to be determined by dividing the Final

[1] Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

		Consideration by the Issue Price, fractional entitlements to be disregarded
"**CsC**"	:	Certificate of Statutory Completion
"**CT**"	:	Mrs. Celine Tang
"**Deed of Release**"	:	Shall have the meaning ascribed to it in paragraph 17.4(i) of this Circular
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date, and "**Director**" shall mean any one of them
"**DRT**"	:	Tianjin Pharmaceutical Da Ren Tang Singapore Development Co. Pte. Ltd., where Mr. Shng Yunn Chinn currently serves as the Deputy General Manager
"**EBPL Share Charges**"	:	The share charges over 30,000,000 issued and fully paid-up ordinary shares in Equalbase Pte. Ltd. (formerly known as Pan Asia Logistics Investments Holdings Pte. Ltd.) granted by OKH Transhub in favour of Jadewin
"**Enlarged Group**"	:	The group of companies comprising the Group and the Target Group following Completion
"**EO Existing Service Agreement**"	:	The service agreements that each of the Proposed Executive Officers have entered into with the Target Group as at the Latest Practicable Date
"**EPS**"	:	Earnings per Share
"**Eura**"	:	Eura Construction Supply Pte. Ltd., a subsidiary of the Target in which the Target holds a 55.00% effective equity interest
"**Existing Board**"	:	Mrs. Celine Tang (Non-Executive Chairman), Mr. Lock Wai Han (Executive Director and Chief Executive Officer), Mr. Ong Soon Teik (Non-Executive Non-Independent Director), Mr. Lim Eng Hoe (Non-Executive Non-Independent Director), Mr. Hwang Soo Chin (Lead Independent Director), Ms. Ng Kheng Choo (Independent Director), and Mr. Yeo Gek Leong Clarence (Independent Director)
"**EY**"	:	Ernst & Young LLP
"**Final Consideration**"	:	Subject to the Consideration Adjustment, the consideration of up to S$118,548,000 payable by the Company to the Vendors for the Proposed Acquisition. Further details of the Consideration Adjustment are set out at paragraph 3.2(b) of this Circular

"**Final NAV**"	:	The estimated NAV of Target Group as at the date falling five (5) Business Days before the Completion Date
"**Financial Adviser**" or "**UOB**"	:	United Overseas Bank Limited
"**FY"**	:	In respect of the Group, the financial year ended or ending 30 June, and in respect of the Target Group, the financial year ended or ending 31 December, as the case may be
"**GRC Buxton"**	:	GRC Buxton Pty Ltd, an indirect subsidiary of the Target in which the Target holds an 80.00% effective equity interest
"**Group**" or "**Group Companies**"	:	The Company and its subsidiaries, and "**Group Company**" shall mean any one of them
"**GT**"	:	Mr. Gordon Tang
"**Haiyi**"	:	Haiyi Holdings Pte. Ltd., a controlling shareholder of the Company
"**Haiyi Lock-up Period**"	:	(a) The period between the Completion Date and the completion of the Tang Restructuring where Haiyi holds the Haiyi Shares; or (b) the Lock-up Period, whichever is shorter
"**Haiyi Moratorium**"	:	The moratorium undertaking provided by Haiyi in favour of the Company in respect of the Haiyi Shares, for the Haiyi Lock-up Period
"**Haiyi Shares**"	:	The 500,000,000 Shares held by Haiyi as at the Latest Practicable Date
"**HDB**"	:	The Housing & Development Board
"**HTA**"	:	Home Team Academy
"**ICA**"	:	Immigration & Checkpoints Authority
"**IFA**" or "**Independent Financial Adviser**"	:	Stirling Coleman Capital Limited, the independent financial adviser in respect of the Proposed Transaction and the proposed Whitewash Resolution
"**IFA Letter**"	:	The letter from the IFA to the Recommending Directors, set out in **Appendix A** to this Circular
"**Independent Shareholders (IPT)**"	:	Shareholders who are considered independent for the purpose of the Proposed Transaction as an interested person transaction, which, for the avoidance of doubt, excludes CT, GT, APL, MTC and each of their associates

"**Independent Shareholders (Whitewash)**"	:	Shareholders who are considered independent for the purposes of the Whitewash Resolution, which, for the avoidance of doubt, excludes the Concert Party Group and parties not considered independent of the Concert Party Group
"**Independent Valuer**"	:	RSM SG Corporate Advisory Pte. Ltd.
"**Initial Consideration**"	:	S$118,548,000
"**ISO**"	:	The International Organization for Standardization
"**Issue Price**"	:	S$0.05252 per Share
"**Jadewin**"	:	Jadewin Smooth Limited, a company (now in compulsory liquidation) that had lent an aggregate principal amount of S$30 million to the Company for its general working capital requirements in 2016 and 2017
"**Jadewin Agreements**"	:	Collectively, the loan agreements dated 30 November 2016 and 8 September 2017 entered into between the Company, as borrower, and Jadewin, as lender, pursuant to which the Company obtained loans of an aggregate principal amount of S$30 million for its general working capital requirements
"**Jadewin Indebtedness**"	:	The Company's repayment obligations (being the principal sum together with all accrued interest thereon) as of 19 June 2018 under the Jadewin Agreements
"**Jadewin Loan Deeds of Discharge**"	:	Collectively, the Deed of Release and the other deeds of release of the EBPL Share Charges and the AHPL Share Charges, evidencing that Jadewin fully released and discharged the Company of the Jadewin Indebtedness
"**JTC**"	:	JTC Corporation
"**Key Resolutions**"	:	Collectively, Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 as set out in the Notice of SGM, and "**Key Resolution**" shall mean any one of them
"**Latest Practicable Date**"	:	28 February 2025, being the latest practicable date prior to the date of this Circular
"LD"	:	Mr. Lin Daqi
"**Letter to Shareholders**"	:	The letter from the Company to the Shareholders, as set out on pages 22 to 158 of this Circular

"**Liquidators**"	:	The liquidators of Jadewin
"**Listing Manual**"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"**Loan Agreement**"	:	Term loan agreement dated 19 June 2018 (as amended and supplemented from time to time) entered between the Company, as borrower and the Obligor, as lender
"**Lock-up Period**"	:	The six (6)-month period from the Completion Date
"**LTA**"	:	Land Transport Authority
"**LTA Contract**"	:	The Pre-Covid-19 Contract awarded by the LTA to the Target Group at a contract sum of approximately S$231.1 million
"**Material Adverse Change**"	:	Any circumstance, development or event that has or is reasonably likely to have a material adverse effect on or material adverse change in (a) the condition (financial or otherwise), business, results of operations, assets or general affairs of the Target Group Companies or the Group Companies (as each applicable); or (b) the ability of the Target Group Companies or the Group Companies to perform and comply with their obligations under the SPA, in each case which results or would result in the NAV of the Target Group or the Group (as the case may be) falling below (i) in the case of the Target Group, S$53,115,000; and (ii) in the case of the Group, S$41,492,000
"**Minimum Debarment Amount**"	:	The accumulation of a minimum of 25 demerit points by a contractor in the construction sector for breaches under the Workplace Safety and Health Act 2006 of Singapore, which would immediately trigger the debarment of the contractor from employing foreign employees, and the Ministry of Manpower would reject all applications from the contractor for all types of work passes for foreign employees. Further details of the Minimum Debarment Amount are set out in paragraph 16.1(n) of this Circular
"**MRT**"	:	Mass Rapid Transit
"**MTC**"	:	Mr. Michael Tong Chiew
"**M&E**"	:	Mechanical and Electrical
"**NAV**"	:	Net asset value

"**New Board**"	:	Subject to Shareholders' approval for the appointment of the Proposed New Directors at the SGM, the new board of directors of the Company upon Completion
"**Nominating Committee**"	:	The nominating committee of the Company
"**Non-Executive Directors**"	:	Collectively, the Proposed New Directors who will be serving in a non-executive function on the New Board upon Completion, and "**Non-Executive Director**" shall mean any one of them
"**Notice of SGM**"	:	The notice of the SGM, as set out in **Appendix E** to this Circular
"**NTA**"	:	Net tangible assets
"**NUS**"	:	The National University of Singapore
"**Obligor**"	:	Shall have the meaning ascribed to it in paragraph 17.4 of this Circular
"**OCBC Bank**"	:	Oversea-Chinese Banking Corporation Limited
"**OKH Entities**"	:	OKH Development Pte. Ltd. and OKH DLRE JV Pte. Ltd.
"**OKH Transhub**"	:	OKH Transhub Pte. Ltd., formerly a wholly-owned subsidiary of the Company before OKH Transhub was struck off on 27 March 2023
"**Ongoing HDB Contract Net Writeback**"	:	The net writeback of provisions made in relation to the Ongoing HDB Contracts
"**Ongoing HDB Contracts**"	:	Shall have the meaning ascribed to it in paragraph 3.5(a)(vii)(B) of this Circular
"**Other Vendor Warranties**"	:	The representations and warranties made by the Other Vendors in connection with the Proposed Acquisition as set out in Clause 7.1 and Clause 7.5 of the SPA relating to, *inter alia*, the capacity and authority of the Other Vendors to enter into and perform his/her obligations under the SPA, and the Other Vendors' title to the Sale Shares held by him/her
"**Other Vendors**"	:	Collectively, RC, MTC, LD and WTT, and "**Other Vendor**" shall mean any one of them
"**PPVC**"	:	Prefabricated prefinished volumetric construction
"**Pre-Covid-19 Contracts**"	:	Collectively, the four (4) contracts that were awarded to the Target Group pre-Covid-19, the details of which are set out in paragraph

		3.5(a)(ii) of this Circular, and "**Pre-Covid-19 Contract**" shall mean any one of them
"**Private Residential Contract**"	:	Shall have the meaning ascribed to it in paragraph 3.5(a)(vii)(C) of this Circular
"**Profitability Requirement**"	:	Rule 1015(2) of the Listing Manual which provides that for very substantial acquisitions, the target business to be acquired must be profitable and meet the requirements in Rule 210(4)(a) of the Listing Manual. Further details of the Profitability Requirement are set out at paragraph 3.5 of this Circular
"**Proposed Acquisition**"	:	The proposed acquisition by the Company of the entire issued and paid-up share capital of the Target pursuant to the terms of the SPA
"**Proposed Appointment**"	:	The proposed appointment of the Proposed New Directors to the Board in connection with the Proposed Transaction
"**Proposed Change of Auditor**"	:	The proposed change of Auditor from BDO to EY
"**Proposed Change of Name**"	:	The proposed change of name of the Company from "OKH Global Ltd." to "GRC Limited" including the proposed substitution of the name "GRC Limited" for "OKH Global Ltd." wherever the latter name appears in the memorandum of association of the Company and Bye-laws
"**Proposed Executive Officers**"	:	Mr. Yeo Siang Thong (Group Chief Executive Officer), Mr. Kenny Yong Shan Siong (Chief Financial Officer), Ms. Ling Lay Peng Karen (Chief Corporate Officer), Mr. Venktaramana s/o V Vijayaragavan (Chief Operating Officer, Civil Infrastructure), and Mr. Jonathon Kwok-Wei Lee (Executive Director (Country Head, Australia))
"**Proposed Issuance**"	:	The proposed allotment and issuance of the Consideration Shares by the Company to the Vendors
"**Proposed New Directors**"	:	RC (Non-Executive and Non-Independent Chairman), MTC (Non-Executive and Non-Independent Director), Mr. Tang Jialin (Non-Executive and Non-Independent Director), Mr. Abdul Jabbar Bin Karam Din (Lead Independent Director), Prof. Low Teck Seng (Independent Director), Dr. Neo Boon Siong (Independent Director), and Mr. Shng Yunn Chinn (Independent Director), being the nominees proposed to be appointed to the New Board upon Completion

"**Proposed Transaction**"	:	Collectively, the Proposed Acquisition and the Proposed Issuance
"**Provision**"	:	The one-off net provision for the Pre-Covid-19 Contracts of approximately S$17.2 million (after tax) in 1H2023 or S$43.4 million (after tax) in FY2023
"**Proxy Form**"	:	The depositor proxy form in respect of the SGM to be despatched to the Depositors
"**RC**"	:	Mr. Chia Lee Meng Raymond
"**Recommending Directors**"	:	The Directors who are considered independent for the purposes of the Proposed Transaction and the Whitewash Resolution, being Mr. Ong Soon Teik, Mr. Lim Eng Hoe, Ms. Ng Kheng Choo, Mr. Hwang Soo Chin and Mr. Yeo Gek Leong Clarence
"**Relevant APL Shares**"	:	The shareholding of APL in the Company amounting to up to 2,215,478,105[2] Shares, representing approximately 65.43%[3] of the enlarged share capital of the Company, upon Completion and the completion of the Tang Restructuring
"**Relevant Consideration Portion**"	:	In relation to a Vendor, the product obtained by multiplying the Final Consideration by the approximate proportion of the total number of issued shares in the Target held by such Vendor
"**Relevant CT Haiyi Shares**"	:	The 60,220,000 ordinary shares held by CT in the capital of Haiyi, representing approximately 30.00%[4] of the issued share capital of Haiyi
"**Relevant CT Interests**"	:	CT's entire indirect effective interest in the Company, comprising the Relevant CT Haiyi Shares, Relevant CT Tang Shares and CT's indirect effective interest in the Relevant Tang APL Shares
"**Relevant CT Tang Shares**"	:	The 30 ordinary shares held by CT in the capital of Tang Dynasty Treasure, representing approximately 30.00%[5] of the issued share capital of Tang Dynasty Treasure

2 Based on the maximum number of Consideration Shares to be allotted and issued by the Company, assuming the Final Consideration is equal to the Initial Consideration.
3 Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.
4 Based on Haiyi's issued and paid-up share capital of 200,733,333 shares as at the Latest Practicable Date and rounded to two (2) decimal places.
5 Based on Tang Dynasty Treasure's issued and paid-up share capital of 100 shares as at the Latest Practicable Date and rounded to two (2) decimal places.

"**Relevant GT Haiyi Shares**"	:	The 140,513,333 ordinary shares held by GT in the capital of Haiyi, representing approximately 70.00%[6] of the issued share capital of Haiyi
"**Relevant GT Interests**"	:	GT's entire indirect effective interest in the Company, comprising the Relevant GT Haiyi Shares, Relevant GT Tang Shares and GT's indirect effective interest in the Relevant Tang APL Shares
"**Relevant GT Tang Shares**"	:	The 70 ordinary shares held by GT in the capital of Tang Dynasty Treasure, representing approximately 70.00%[7] of the issued share capital of Tang Dynasty Treasure
"**Relevant Tang APL Shares**"	:	The 785,324,776 ordinary shares held by Tang Dynasty Treasure in the capital of APL, representing 100.00%[8] of the issued share capital (excluding treasury shares) of APL
"**Remuneration Committee**"	:	The remuneration committee of the Company
"**Rules and Regulations**"	:	The government legislation, regulations and policies which the Target Group is subject to and which affect the construction industry in the countries in which the Target Group operates, the details of which are set out in paragraph 16.1(a) of this Circular
"**Sale Shares**"	:	The 132,302,000 ordinary shares in the capital of the Target, representing 100.00% of the issued and paid-up share capital of the Target
"**Sanitus**"	:	Sanitus Building Supplies Pte Ltd, an indirect subsidiary of the Target in which the Target holds a 28.05% effective equity interest
"**SCAL**"	:	The Singapore Contractors Association Limited
"**Senai Plant**"	:	A 538,196 square feet precast plant in Johor Bahru, Malaysia, details of which are set out in paragraph 1(e)(i) of **Appendix G** of this Circular
"**SFA**"	:	The Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
"**SGM**" or "**Special General Meeting**"	:	The special general meeting of the Shareholders to be held on 3 April 2025 at 2:00 p.m., notice of which is set out in **Appendix E** to this Circular

6 Based on Haiyi's issued and paid-up share capital of 200,733,333 shares as at the Latest Practicable Date and rounded to two (2) decimal places.

7 Based on Tang Dynasty Treasure's issued and paid-up share capital of 100 shares as at the Latest Practicable Date and rounded to two (2) decimal places.

8 Based on APL's issued and paid-up share capital of 785,324,776 shares (excluding 38,693,900 treasury shares) as at the Latest Practicable Date and rounded to two (2) decimal places.

"**SGX-ST**"	:	The Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of Shares in the Company's Register of Members, except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares held by CDP and where the context permits, mean the persons named as Depositors in the Depository Register maintained by the CDP and whose securities accounts maintained by CDP are credited with those Shares, and "**Shareholder**" shall mean any one of them
"**Shares**"	:	Ordinary shares of par value US$0.01 each in the share capital of the Company, and "**Share**" shall mean any one of them
"**SIC**"	:	The Securities Industry Council of Singapore
"**SingHaiyi Group**"	:	SingHaiyi Group Pte. Ltd. together with its subsidiaries
"**SPA**"	:	The conditional sale and purchase agreement dated 4 December 2024 entered into between the Company and the Vendors in relation to the Proposed Acquisition (as amended, modified or supplemented from time to time)
"**SPF**"	:	Singapore Police Force
"**SPL**"	:	Singapore Post Limited, where Prof. Low Teck Seng served as an independent director on the board from 8 October 2010 to 20 July 2017
"**Substantial Shareholders**"	:	A person which has an interest in one or more voting shares of a company and the total votes attached to that share, or those shares, are not less than 5.00% of the total votes attached to all voting shares in that company, and "**Substantial Shareholder**" shall mean any one of them
"**Summary Valuation Report**"	:	Summary valuation report on the Target Group dated 12 November 2024 issued by the Independent Valuer as set out in **Appendix B** to this Circular
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore
"**Tang Dynasty Treasure**"	:	Tang Dynasty Treasure Pte. Ltd., the sole shareholder of APL
"**Tang Restructuring**"	:	Haiyi's transfer of the Haiyi Shares to APL that is intended to take place on or shortly after Completion to streamline CT's and GT's shareholdings in the Company
"**Target**"	:	Chip Eng Seng Construction Pte. Ltd.

"**Target Group**" or "**Target Group Companies**"	:	The Target and its subsidiaries, and "**Target Group Company**" means any one of them
"**Target Group's Outstanding Order Book**"	:	The Target Group's outstanding order book as at 30 June 2024
"**Target Shares**"	:	The issued and fully paid-up ordinary shares in the capital of the Target
"**Tech Park Crescent Facility**"	:	An industrial facility in Tech Park Crescent, Singapore, details of which are set out in paragraph 1(e)(ii) of **Appendix G** of this Circular
"**Tenancy Agreement**"	:	The tenancy agreement dated 13 January 2023 entered into between OKH Holdings Pte. Ltd. and SingHaiyi Property Investment Pte. Ltd., details of which are set out in paragraph 8.1(a) of this Circular
"**Term**"	:	The term of the Tenancy Agreement, details of which are set out in paragraph 8.1(a) of this Circular
"**TUCSS**"	:	Tunnelling and Underground Construction Society (Singapore)
"**US$**"	:	The lawful currency of the United States of America
"**Vendors**"	:	Collectively, APL, RC, MTC, LD, and WTT, and each a "**Vendor**"
"**VWAP**"	:	Volume weighted average price
"**Whitewash Resolution**"	:	Shall have the meaning ascribed to it in paragraph 3.2(c)(i) of this Circular
"**Whitewash Waiver**"	:	The whitewash waiver by the SIC of the requirement for APL and/or the persons acting in concert with it to make a mandatory general offer for the Company under Rule 14 of the Code as a result of the increase in their shareholding in the Company pursuant to the Proposed Transaction and the Tang Restructuring, subject to the receipt of the Whitewash Resolution
"**WSH Council**"	:	Workplace Safety and Health Council
"**WTT**"	:	Ms. Wong Tze Theng
"**%**" or "**per cent.**"	:	Per centum or percentage

A reference to "paragraph" is a reference to a paragraph of the Letter to Shareholders unless otherwise specified or the context otherwise requires.

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term "**interested person**" shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

The pro forma financial effects of the Proposed Transaction on the Company and all references to the historical pro forma financials of the Company in this Circular are for illustrative purposes only, and they are not intended to be nor shall they constitute profit forecasts.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Code, the Companies Act, the Bermuda Companies Act, the SFA, the Listing Manual or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Code, the Companies Act, the Bermuda Companies Act, the SFA, the Listing Manual or such modification thereof, as the case may be, unless the context otherwise requires.

Any discrepancies in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

All statements contained in this Circular, statements made in the press releases and oral statements that may be made by the Company or its respective directors or key executives or employees acting on the Company's behalf, and/or the Vendors, the directors or key executives or employees acting on behalf of the Target Group Companies that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by words that are biased or by forward-looking terms such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "possible", "probable", "project", "plan", "should", "will", "would" and or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Group, the Target Group Companies and/or the Enlarged Group are forward-looking statements. These forward-looking statements, including but not limited to, statements as to:

(a) revenue and profitability;

(b) any expected growth;

(c) expected industry trends;

(d) future expansion plans; and

(e) other matters discussed in this Circular regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group's, the Target Group Companies' and/or the Enlarged Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risk factors and uncertainties are discussed in more detail in this Circular.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Company and/or the Target Group Companies to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, you are advised not to place undue reliance on those statements.

None of the Company, the Vendors, the Target Group Companies, their respective directors and executive officers, or any other person represents or warrants to you that the actual future results, performance or achievements of the Group, the Target Group Companies or the Enlarged Group will be as discussed in those statements. The actual results of the Group, the Target Group Companies or the Enlarged Group may differ materially from those anticipated in these forward-looking statements. Further, the Company, the Vendors, the Target Group Companies and their respective related corporations disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any regulatory or supervisory body or agency. The Company, the Vendors, the Target Group

Companies and their respective related corporations are, however, subject to the provisions of the SFA and the Listing Manual (each as applicable) regarding corporate disclosure.

Market and Industry Information

The Company, the Vendors, the Target Group Companies and their respective directors and executive officers have derived certain facts and statistics in this Circular relating to the Business from various publicly available industry, government and research publications. This Circular also includes industry data and forecasts that the Company, the Vendors, the Target Group Companies and their respective directors and executive officers have obtained from industry publications and surveys, reports of governmental agencies and internal company surveys. The Company, the Vendors, the Target Group Companies and their respective directors and executive officers have taken reasonable action to ensure that the facts and statistical data used in this Circular have been extracted from their respective sources in their proper form and context. However, the Company, the Vendors, the Target Group Companies and their respective directors and executive officers have not verified the accuracy of the information extracted and do not make any representation as to its accuracy. None of the Company, the Vendors, the Target Group Companies and their respective directors and executive officers have obtained the specific consent of these sources for the inclusion of such information in this Circular unless otherwise specified. The Company, the Vendors, the Target Group Companies and their respective directors and executive officers are also not aware of any disclaimers made by these sources in relation to reliance on such information.

INDICATIVE TIMETABLE

The following indicative timetable assumes that approval for all the resolutions proposed at the SGM is obtained on 3 April 2025:

Key event		Date and time
Despatch of Circular	:	11 March 2025
Last date and time for lodgement of Proxy Form	:	1 April 2025 at 2:00 p.m.
Date and time of SGM	:	3 April 2025 at 2:00 p.m.
Expected Completion Date	:	2Q2025
Expected date of allotment and issuance of the Consideration Shares	:	2Q2025

Shareholders should note that the timetable for events which are scheduled to take place after the SGM is indicative only and is subject to change. Please refer to future announcement(s) by or on behalf of the Company to the SGX-ST for the exact dates and times of such other events. Where necessary, the Company may announce any changes to the timetable through the SGX-ST's website at http://www.sgx.com.

LETTER TO SHAREHOLDERS

OKH GLOBAL LTD.
(Company Registration Number: 35479)
(Incorporated in Bermuda)

Board of Directors:	**Registered Office:**
Mrs. Celine Tang (Non-Executive Chairman)	Clarendon House
Mr. Lock Wai Han (Executive Director and Chief Executive Officer)	2 Church Street,
Mr. Ong Soon Teik (Non-Executive Non-Independent Director)	Hamilton HM11,
Mr. Lim Eng Hoe (Non-Executive Non-Independent Director)	Bermuda
Mr. Hwang Soo Chin (Lead Independent Director)	
Ms. Ng Kheng Choo (Independent Director)	
Mr. Yeo Gek Leong Clarence (Independent Director)	

11 March 2025

To: The Shareholders of OKH Global Ltd.

Dear Sir / Madam,

(1) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CHIP ENG SENG CONSTRUCTION PTE. LTD. FROM (A) ACROPHYTE PTE. LTD. (FORMERLY KNOWN AS CHIP ENG SENG CORPORATION LTD.); (B) MR. CHIA LEE MENG RAYMOND; (C) MR. MICHAEL TONG CHIEW; (D) MR. LIN DAQI; AND (E) MS. WONG TZE THENG FOR AN INITIAL CONSIDERATION AMOUNT OF S$118,548,000 SUBJECT TO ADJUSTMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE SPA (AS HEREINAFTER DEFINED), WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION AND A VERY SUBSTANTIAL ACQUISITION UNDER CHAPTER 9 AND CHAPTER 10 OF THE LISTING MANUAL RESPECTIVELY;

(2) THE PROPOSED ALLOTMENT AND ISSUANCE OF AN AGGREGATE OF UP TO 2,257,197,258 SHARES BY THE COMPANY TO THE VENDORS AT AN ISSUE PRICE OF S$0.05252 PER SHARE AS CONSIDERATION FOR THE PROPOSED ACQUISITION;

(3) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF THE INDEPENDENT SHAREHOLDERS (WHITEWASH) (BEING SHAREHOLDERS OTHER THAN THE CONCERT PARTY GROUP (AS HEREINAFTER DEFINED) AND PARTIES NOT INDEPENDENT OF THEM) TO RECEIVE A MANDATORY GENERAL OFFER FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE CONCERT PARTY GROUP;

(4) THE PROPOSED APPOINTMENT OF MR. CHIA LEE MENG RAYMOND AS DIRECTOR UPON COMPLETION;

(5) THE PROPOSED APPOINTMENT OF MR. MICHAEL TONG CHIEW AS DIRECTOR UPON COMPLETION;

(6) THE PROPOSED APPOINTMENT OF MR. TANG JIALIN AS DIRECTOR UPON COMPLETION;

(7) THE PROPOSED APPOINTMENT OF MR. ABDUL JABBAR BIN KARAM DIN AS DIRECTOR UPON COMPLETION;

(8) THE PROPOSED APPOINTMENT OF PROF. LOW TECK SENG AS DIRECTOR UPON COMPLETION;

(9) THE PROPOSED APPOINTMENT OF DR. NEO BOON SIONG AS DIRECTOR UPON COMPLETION;

(10) THE PROPOSED APPOINTMENT OF MR. SHNG YUNN CHINN AS DIRECTOR UPON COMPLETION;

(11) THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM "OKH GLOBAL LTD." TO "GRC LIMITED"; AND

(12) THE PROPOSED CHANGE OF AUDITOR OF THE COMPANY FROM BDO LLP TO ERNST & YOUNG LLP.

1. INTRODUCTION

1.1 Background

On 4 December 2024, the board of directors (the "**Board**") of OKH Global Ltd. (the "**Company**", and together with its subsidiaries, collectively, the "**Group**" and "**Group Company**" means any one of them) announced that the Company had entered into a conditional sale and purchase agreement (the "**SPA**") with (a) Acrophyte Pte. Ltd. ("**APL**"); (b) Mr. Chia Lee Meng Raymond ("**RC**"); (c) Mr. Michael Tong Chiew ("**MTC**"); (d) Mr. Lin Daqi ("**LD**"); and (e) Ms. Wong Tze Theng ("**WTT**", and together with APL, RC, MTC and LD, collectively, the "**Vendors**", and each, a "**Vendor**") for the sale by the Vendors, and the purchase by the Company (the "**Proposed Acquisition**"), of 132,302,000 ordinary shares (the "**Sale Shares**") representing 100.00% of the issued and paid-up share capital of Chip Eng Seng Construction Pte. Ltd. (the "**Target**", and together with its subsidiaries, collectively, the "**Target Group**" and "**Target Group Company**" means any one of them), in consideration for which the Company will allot and issue new Shares to the Vendors (the "**Proposed Issuance**", and together with the Proposed Acquisition, the "**Proposed Transaction**") on the terms and subject to the conditions of the SPA.

The Proposed Transaction constitutes an "Interested Person Transaction" and a "Very Substantial Acquisition" under Chapter 9 and Chapter 10 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") respectively. Accordingly, the Proposed Transaction is subject to, *inter alia*, the approval of the SGX-ST and the Shareholders at the SGM. The Proposed Issuance will be undertaken in accordance with Chapter 8 of the Listing Manual.

1.2 **Opinion of the IFA**

The IFA has been appointed pursuant to Chapter 9 of the Listing Manual to advise the Recommending Directors on whether the Proposed Transaction as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders, and on the Whitewash Resolution. The IFA Letter is set out in **Appendix A** to this Circular.

1.3 **Purpose of this Circular**

The purpose of this Circular is to provide Shareholders with information pertaining to and to explain the rationale for the Proposed Transaction (comprising the Proposed Acquisition and the Proposed Issuance), the Whitewash Resolution, the Proposed Appointment, the Proposed Change of Name, and the Proposed Change of Auditor, for which the approval of the Shareholders will be sought by way of special and/or ordinary resolutions (as the case may be) at the SGM. Specifically, approval will be sought by way of ordinary resolution for the Proposed Acquisition, the Proposed Issuance, the Whitewash Resolution, the Proposed Appointment and the Proposed Change of Auditor, while approval will be sought by way of special resolution for the Proposed Change of Name.

Shareholders should further note that certain resolutions for which approval is sought at the SGM are conditional on the passing of certain other resolutions and are advised to refer to paragraph 23.2 of this Circular for further details.

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

2. INFORMATION ON THE PARTIES

2.1 **Information on the Target Group**

The Target Group is an established homegrown construction group in Singapore.

The Target Group had its beginnings as a subcontractor of conventional landed properties in the 1960s. It subsequently established its track record as a main contractor of public housing projects in Singapore. Its most recognisable and iconic public housing project is the Pinnacle @ Duxton. In 2006, the Target Group expanded into precast concrete works and prefabricated prefinished volumetric construction ("**PPVC**") businesses. In more recent years, the Target Group further extended the range of its civil infrastructure and environmental capabilities through acquisitions of companies specialised in these areas and by forming joint ventures between different subsidiaries within the Target Group and third parties. Doing so has allowed the Target Group to effectively harness the expertise and capabilities across different areas of specialisation required for projects and to participate and compete in tenders for a broader range of engineering, procurement and construction projects (including building, civil engineering and infrastructure projects), which are of larger scale and/or higher value. More recently in January 2024, the Target Group also formed a joint venture in Australia to undertake construction projects in Australia.

Through organic growth and strategic acquisitions and investments, the Target Group has steadily enhanced its competencies to now include: (a) building construction; (b) building construction in Australia; (c) civil infrastructure; (d) environmental and sustainability; (e) prefabrication technology; and (f) procurement. The outstanding order book for all the business segments in the Target Group is in excess of S$2 billion as at 30 June 2024.

The Target is a private company limited by shares incorporated in Singapore on 27 October 2015. As at the Latest Practicable Date, the Target has an issued and paid-up share capital of S$127,221,680 comprising 132,302,000 issued and fully paid-up ordinary shares ("**Target Shares**"). The entire issued and paid-up share capital of the Target is collectively held by the Vendors, and the number of Target Shares held by each Vendor and their approximate proportion of the total number of Target Shares are as follows:

Vendor	Number of Target Shares	Approximate proportion of the total number of Target Shares(1)(2)
APL	100,550,000	76.00%
RC	15,876,000	12.00%
MTC	13,230,000	10.00%
LD	1,984,500	1.50%
WTT	661,500	0.50%
Total	**132,302,000**	**100.00%**

Notes:

(1) Based on the Target's issued and paid-up share capital of 132,302,000 Target Shares as at the Latest Practicable Date and rounded to two (2) decimal places.

(2) In this Circular, any discrepancies between the listed percentages and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

As at the Latest Practicable Date, the directors of the Target are as follows:

(a) RC; and

(b) Mr. Yeo Siang Thong.

The principal business divisions of the Target Group consist of the following:

(i) **Building Construction.** The Target Group conducts its building construction businesses primarily through two (2) wholly-owned subsidiaries, Chip Eng Seng Contractors (1988) Pte Ltd ("**CES Contractors**") and CES Engineering & Construction Pte. Ltd. ("**CES E&C**"). Both companies undertake public sector projects (mainly public housing projects), private projects (such as condominiums and executive condominiums) and industrial and commercial projects. As a testament to their established track records, both CES Contractors and CES E&C have been consistently awarded the A1 classification by the Building and Construction Authority ("**BCA**"), being the BCA's highest classification tier for general building contractors. Such classification tier allows both companies to tender for public sector projects with an unlimited contract value. CES Contractors and CES E&C have also been awarded A2 and B2 gradings respectively as civil engineering contractors, which allows them to bid for public sector civil engineering projects with values of up to S$105 million and S$16 million respectively;

(ii) **Building Construction in Australia.** In January 2024, the Target Group entered into a joint venture with three (3) Australian joint venture partners through GRC Buxton Pty Ltd[9] ("**GRC Buxton**") for its maiden building construction venture into Victoria, Australia, which will focus primarily on private residential projects, community housing and aged care & education facilities. Australia offers a unique landscape of opportunities which aligns with the Target Group's strategy to showcase its building construction capabilities, experiences and robust procurement links in Asia, outside of Singapore;

(iii) **Civil Infrastructure.** The Target Group provides design and build construction services primarily through its wholly-owned subsidiary, CES_SDC Pte. Ltd. ("**CES SDC**"). CES_SDC specialises in civil, industrial and utilities infrastructure projects. As CES_SDC is classified by the BCA as an A1 general building (CW01) and civil engineering (CW02) contracting firm, it is qualified to tender for public sector contracts with unlimited tender sums;

(iv) **Environmental and Sustainability.**

(A) Environmental: The Target Group carries out its water and environmental engineering projects primarily through its wholly-owned subsidiary, CES_Salcon Pte. Ltd. ("**CES Salcon**"). CES_Salcon is a fully integrated engineering, procurement, construction and maintenance contractor. Its

9 GRC Buxton is 80.00% held by GRC Builders (Aus) Pty Ltd, a wholly-owned subsidiary of the Target Group and 20.00% held by three (3) unrelated third parties.

capabilities include the design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. CES_Salcon's particular domain expertise covers seawater desalination, drinking water treatment, water remineralisation, ion exchange, water polishing for ultrapure water, biological treatment, municipal/industrial wastewater treatment and wastewater recycling, including zero liquid discharge systems. CES_Salcon is registered with the BCA under the L6 mechanical engineering (ME11) Workhead and is thus qualified to tender for public sector contracts in Singapore with unlimited tender sums; and

(B) Sustainability: The Target Group also provides project management and consultancy services for sustainability solutions in buildings and industrial plants through its wholly-owned subsidiary, CES Eco Solutions Pte. Ltd. ("**CES Eco**"). The services provided by CES Eco are synergistic with the other business segments of the Target Group. Through CES Eco, the Target Group aims to provide sustainability solutions to its clients to reduce carbon emissions;

(v) **Prefabrication Technology.**

(A) Precast: The Target Group carries out its precast concrete works and PPVC activities in (1) Singapore, at the Tech Park Crescent Facility; and (2) Malaysia, at the Senai Plant, primarily through its wholly-owned subsidiaries, CES-Precast Pte. Ltd. ("**CES Precast**") and CES-Precast Sdn. Bhd. The Target Group's precast entities work together to supply precast concrete materials for residential, commercial, industrial and infrastructure projects, and also offer engineering services to optimise *in-situ* design to incorporate precast systems. CES Precast is registered with the BCA under the registration head, CR10B "Precast Concrete Works" and Financial Category L6, and is thus qualified to bid for public sector prefabrication contracts of unlimited tender sums. CES Precast is also an approved material supplier for HDB projects; and

(B) 3D Printing: The Target Group provides 3D printing technology services primarily through its wholly-owned subsidiary, CES_INNOVFAB Pte. Ltd. ("**CES INNOVFAB**"). The Target Group harnesses 3D printing technology to deliver new and innovative solutions in the competitive construction segment and to access the growing demand for new construction projects. As 3D printing technology can be closely interfaced with conventional and precast construction methods, it is complementary to the Target Group's suite of construction capabilities; and

(vi) **Procurement.** The Target Group provides procurement services relating to construction-related supplies and materials and related services through Eura Construction Supply Pte. Ltd. ("**Eura**"), Genswitch Solutions Private Limited and Sanitus Building Supplies Pte Ltd ("**Sanitus**"). Eura is 55.00% held by the Target Group while the remaining 45.00% is held by the Target Group's joint venture partner, Inception Materials Pte. Ltd.. Eura is an approved material supplier of floor/wall tiles for HDB projects. Genswitch Solutions Private Limited is 51.00% held by Eura while the remaining 49.00% is held by the Target Group's joint venture partner, Redfuse Electric Private Limited. Sanitus is 51.00% held by Eura, 20.00% held by an employee of the Target Group's affiliate, while the remaining 29.00% is held by the Target Group's joint venture partner, Sanitus Building Materials Ltd and one (1) of Sanitus' employees.

Please refer to **Appendix G** entitled "Further Information on the Target Group" for further details on the Target Group's business.

2.2 **Achievements and Accolades**

As a demonstration of the ability of the Target Group to establish and maintain quality and environmental management systems, the following Target Group Companies have obtained ISO 9001, ISO 14001 and ISO 45001 certifications and other awards / certifications:

Certification	Target Group Companies
ISO 9001:2015	CES Contractors CES E&C CES_SDC CES_Salcon CES Precast CES INNOVFAB
ISO 9001:2016	GRC Buxton
ISO 14001:2015	CES Contractors CES E&C CES_SDC CES_Salcon CES INNOVFAB
ISO 14001:2016	GRC Buxton
ISO 45001:2018	CES Contractors CES E&C CES_SDC CES_Salcon CES Precast CES INNOVFAB GRC Buxton
BCA Green and Gracious Builder (Excellent)	CES Contractors CES E&C
BCA Green and Gracious Builder Award (Star)	CES_SDC

Certification	Target Group Companies
WSH Council bizSAFE Star	CES Contractors CES E&C CES_SDC CES_Salcon CES Precast CES INNOVFAB
WSH Council bizSAFE Partner	CES Contractors CES E&C CES_SDC
Singapore Concrete Institute's Precaster Accreditation Scheme	CES Precast
Singapore Concrete Institute's Prefabricated Bathroom Unit Manufacturer Accreditation Scheme	CES Precast
Singapore Green Building Product Certification (4 ticks / Leader) – ready-mixed concrete	CES-Precast Sdn. Bhd.

As a further testament to the Target Group's commitment to service and quality, the Target Group has received numerous awards and accolades from various government bodies and industry authorities such as HDB, The Singapore Contractors Association Limited ("**SCAL**") and Workplace Safety and Health Council ("**WSH Council**").

The key awards and accolades awarded to the Target Group from 2023 up to the Latest Practicable Date are set out in the list below:

Year	Award Level	Description/Award	Awarding Institution
2024	Merit	HDB Certificate of Merit (Construction) Award for CES Contractors in respect of the following project: - Tampines GreenSpring	HDB
	Winner	HDB Construction Safety Award for CES Contractors in respect of the following projects: - Sengkang N4C39 & 40 - Tampines GreenSpring	HDB

Year	Award Level	Description/Award	Awarding Institution
	Award	HDB Construction Resilience Recognition Award for CES E&C in respect of the following project: - Marsiling Grove	HDB
	Silver	Workplace Safety and Health Performance Award for CES Contractors	WSH Council
	Winner	SCAL Workplace Safety and Health Innovation Award for CES Contractors	SCAL
	Award	Innovation Award for CES Contractors	WSH Council
	Award	bizSAFE Partner Award for CES Contractors	WSH Council
	SHARP Award	Safety and Health Award Recognition for Projects for CES Contractors in respect of the following projects: - Tampines GreenSpring - Pasir Ris N5C26/27 – Costa Grove	WSH Council
	SHARP Award	Safety and Health Award Recognition for Projects for CES E&C in respect of the following project: - Hougang N2C11 – Kovan Well Spring	WSH Council
	SHARP Award	Safety and Health Award Recognition for Projects for CES_SDC in respect of the following project: - C4A – Biosolids and Digester – Tuas Water Reclamation Plant	WSH Council
2023	Silver	Workplace Safety and Health Performance Award for CES_SDC	WSH Council
	SHARP Award	Safety and Health Award Recognition for Projects for CES Contractors in respect of the following projects: - Sengkang N4C39/C40 – Fernvale Dew - Tampines GreenSpring - Pasir Ris N5C26/27 – Costa Grove	WSH Council
	SHARP Award	Safety and Health Award Recognition for Projects for CES_SDC in respect of the following projects: - Tuas Water Reclamation Plant Contract C4A – Biosolids and Digester - Jurong Region Line J107	WSH Council
	Winner	HDB Construction Safety Award 2023 for CES Contractors in respect of Bidadari C8 & C9 – Woodleigh Glen	HDB

Year	Award Level	Description/Award	Awarding Institution
	Construction Award	HDB Construction Award 2023 for CES E&C in respect of Bidadari C6 & C7 - Alkaff Oasis	HDB
	Award	bizSAFE Partner Award for each of the following contractors: - CES_SDC - CES Contractors	WSH Council
	Certificate of Participation	SCAL Productivity & Innovation Award 2023 for CES Contractors	SCAL

2.3 **Financial Information of the Target Group**

The audited consolidated financial information of the Target Group for FY2021, FY2022 and FY2023, and the unaudited condensed interim consolidated financial information of the Target Group for the financial period of six (6) months ended 30 June 2024, is set out in **Appendix C** to this Circular.

2.4 **Independent Valuation of the Target Group**

The Company has engaged RSM SG Corporate Advisory Pte. Ltd., as the independent valuer (the "**Independent Valuer**"), to undertake a valuation of the Target Group, and the Independent Valuer has assessed that the market value of the Target Group as at the valuation date of 30 June 2024 is in the range of approximately S$115.3 million to S$128.4 million (the "**30 June 2024 Valuation**"). The valuation was prepared based on, *inter alia*, the income approach or net asset value approach (as applicable), depending on the business nature of each entity and availability of information. The market value of 100.00% of the share capital of the Target Group as at the valuation date of 30 June 2024 was derived using the sum-of-parts approach taking into account the shareholding interest of the Target Group in each entity.

As at 30 June 2024, the (a) book value of the Sale Shares is S$75,878,000; and (b) NTA value of the Sale Shares is S$65,094,000. The Target Shares are not publicly traded.

Please refer to **Appendix B** entitled "Summary Valuation Report" for further details on the independent valuation of the Target Group. Shareholders are advised to read the Summary Valuation Report for a summary of the full valuation report, in particular the valuation methodologies and principal assumptions used in arriving at the above valuations in respect of the Target Group.

The Independent Valuer confirms that there have been no events from the date of issuance of the valuation report (being 12 November 2024) to 31 December 2024 which would as at 31 December 2024 result in a material and adverse impact to the 30 June 2024 Valuation, and the Board confirms that to the best of their knowledge and belief, there have been no events from the date of issuance of the valuation report (being 12 November 2024) to 31 December 2024 which would as at 31 December 2024 result in a material and adverse impact to the 30 June 2024 Valuation.

Track Record and Experience of the Independent Valuer

The information on the Independent Valuer was provided by the Independent Valuer and their representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

The Independent Valuer is part of RSM Singapore. RSM Singapore is the largest professional services firm outside of the "Big Four" accounting firms in Singapore.

RSM Singapore is a member of RSM International, a network of independent accounting and consulting firms operating out of 120 countries with approximately 64,000 professionals across 820 offices globally. RSM is the sixth largest professional services network globally.

The Independent Valuer provides the following services:

(a) valuation advisory services;

(b) mergers and acquisition services;

(c) transaction support; and

(d) business grooming.

Within the valuation advisory practice, the professional valuers provide valuation services for transaction purposes, financial reporting purposes (Fair Value Measurement, Purchase Price Allocation, Impairment testing, etc), tax planning purposes, and litigation support.

The Independent Valuer, together with the lead engagement partners Mr. Terence Ang (Partner, Head of Advisory) and Ms. Qiu Wenqi (Partner, Valuation), have prior experience in the valuation work for public and private companies within the real estate and construction sector, including:

(i) valuation of target companies that lease commercial units for rental income and develop industrial buildings for sale;

(ii) valuation of businesses relating to the provision of asset management, property management, and project or development management services;

(iii) valuation of a railway construction group involved in the provision of full-fledged engineering, procurement and construction services for the purpose of a proposed transaction;

(iv) valuation of a company that provides a one-stop solution in a niche construction segment and its subsidiary that operates as a steel strutting specialists contractor and used steel material supplier in Malaysia; and

(v) valuation of the investment in a company engaged in the business of piling works and structural steelworks construction services.

2.5 **Information on the Vendors**

(a) APL

APL is a private company limited by shares incorporated in Singapore on 23 October 1998. As at the Latest Practicable Date, APL has an issued and paid-up share capital of S$178,287,924.10 comprising 824,018,676 ordinary shares (including 38,693,900 treasury shares), and the sole shareholder of APL is Tang Dynasty Treasure Pte. Ltd. ("**Tang Dynasty Treasure**"). Tang Dynasty Treasure is collectively wholly owned by Mr. Gordon Tang ("**GT**") and his spouse, Mrs. Celine Tang ("**CT**"). Each of CT and GT is a director of Tang Dynasty Treasure.

Apart from the businesses of the Target Group, APL has businesses in property development and investment, hospitality and education. APL was delisted from the Mainboard of the SGX-ST on 11 April 2023.

As at the Latest Practicable Date, the directors of APL are as follows:

(i) RC; and

(ii) CT.

(b) Other Vendors

RC, MTC, LD and WTT (collectively, the "**Other Vendors**", and each, an "**Other Vendor**") each hold shares in the Target. Further information in relation to each Other Vendor is as follows:

(i) RC is an executive director of APL and the group chief executive officer of APL. RC is also a director of the Target;

(ii) MTC is the brother of GT; and

(iii) each of LD and WTT is:

(A) a director of certain subsidiaries of Haiyi Holdings Pte. Ltd. ("**Haiyi**"), which are collectively wholly owned by GT and CT, and/or certain entities controlled by CT and GT (other than through Haiyi); and

(B) a senior management personnel of Haiyi, where:

(1) LD is Haiyi's investment management personnel. LD is responsible for evaluating and executing investments undertaken by Haiyi; and

(2) WTT is the executive secretary to GT. She has overall responsibility for office administration, building and maintaining relationships with key stakeholders and spearheading new business ventures in the areas of commodities trading and sports.

3. THE PROPOSED TRANSACTION

3.1 Rationale for the Proposed Transaction

(a) The Group's Journey

Sinobest Technology Holdings Ltd. acquired the Company (then known as OKH Holdings Pte. Ltd.) in a reverse takeover exercise in 2013, and the Group was renamed as OKH Global Ltd., as a local contractor undertaking renovation projects and minor alteration & addition works. Over time, the Group acquired valuable experience, knowledge and capabilities in construction and project management. This enabled the Group to venture into building construction and large-scale alteration & addition works projects for private and public sector clients such as the Singapore Turf Club, SMRT, Singapore Budget Terminal and Singapore Grand Prix.

The Group subsequently diversified its business by venturing into property development in Singapore and found a niche in developing industrial properties for strata sales.

In 2015/2016, the Group faced a confluence of headwinds in economic outlook, industrial strata market, cashflows and internal management challenges, resulting in the sudden downward spiral of the Company's share price in 2016.

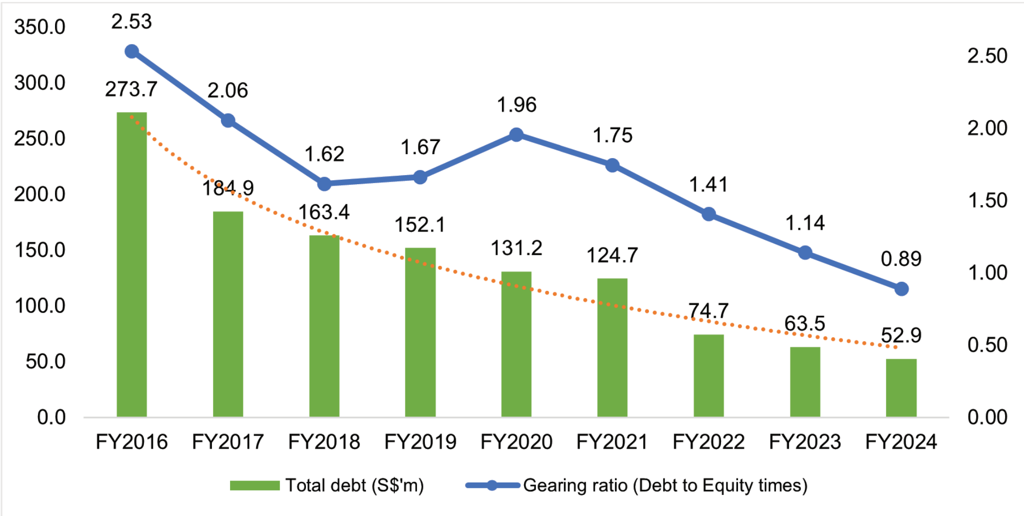
Haiyi, an investment holding company incorporated in Singapore, came on board as the controlling shareholder of the Group in 2016. Haiyi helped to strengthen the Group's balance sheet and restore confidence in the Group by injecting new capital and loans in order for the Group to complete the construction of its uncompleted development projects.

As the industrial property market segment continued to suffer from the downturn, the new board of directors of the Company and management team re-strategised to build a sustainable business model for the Group. By leasing out its unsold properties, the Group was able to generate recurring income whilst continuing to focus on completing the construction of its uncompleted development projects. Upon completion of its development projects, the Group's construction business was scaled down.

(b) <u>Rationalisation Strategy has Strengthened the Group's Financial Position</u>

The Group's efforts in rationalising its business activities and industry property portfolio to consolidate its strengths and improve its liquidity position have proven to be effective. The Group's current recurring income base is derived mainly from its property investment segment, which comprises industrial properties in Singapore. Since 2016, the Group has been focusing on a strategy of divesting assets to reduce gearing and strengthen its financial position, reducing its debt from S$274 million in June 2016 to S$53 million in June 2024, while the Group's gearing ratio (debt to equity) had improved from 2.53 in June 2016 to 0.89 in June 2024.

Some of the material divestments by the Group since 2016 include the disposal of five (5) strata freehold units in LHK Building, the dormitory at Seatown Industrial Centre, the leasehold land at 5 Pioneer Sector Lane and the Group's equity stakes in Equalbase Pte. Ltd. (formerly known as Pan Asia Logistics Investments Holdings Pte. Ltd.) and Amboss Holdings Pte. Ltd. (formerly known as Deltanvil Pte. Ltd. and Pan Asia Logistics Holdings Singapore Pte. Ltd.).



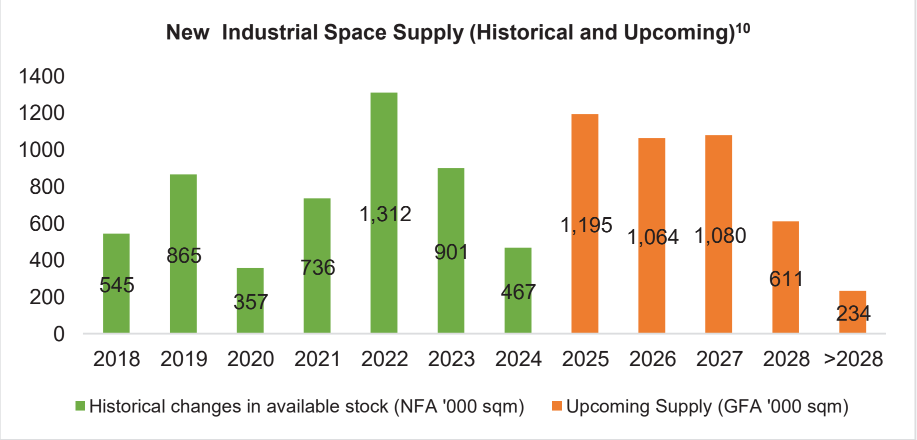
(c) <u>Challenging Outlook for the Group</u>

Looking ahead, the Group faces the following challenges:

(i) **Tough macro environment due to large supply of factory spaces.** According to JTC Corporation ("**<u>JTC</u>**")[10], the vacancy rate of multi-user factory space stood at 9.00% as at the fourth quarter of 2024, and an additional 1.6 million square metres of industrial space is expected to be completed in 2025.

10 JTC Quarterly Market Report (Industrial Properties) Fourth Quarter 2024.

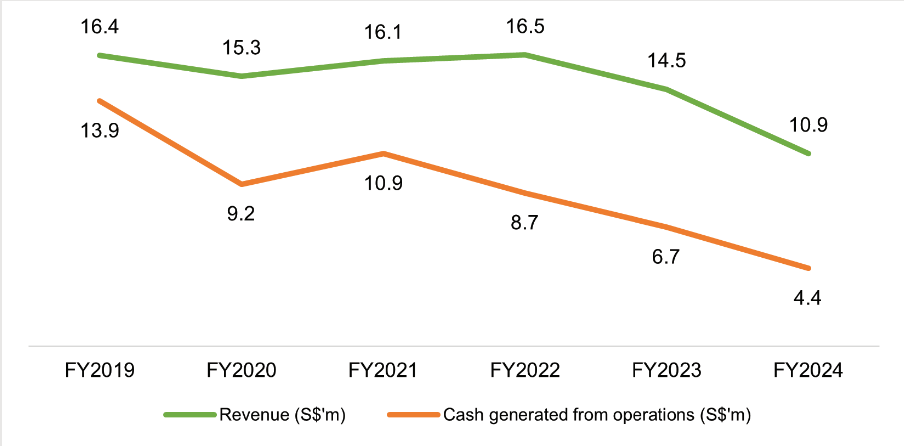
In 2026 and 2027, an additional 2.1 million square metres of industrial space is expected to be completed. This amounts to an annual average supply of about 1.1 million square metres from now until the end of 2027, which far exceeds the average annual supply and demand for industrial space of approximately 0.9 million square metres and 0.5 million square metres respectively over the past three (3) years. This may push up the overall vacancy rates of the multi-user factory segment, causing the Group to face greater challenges in renewing its leases with tenants at favourable rates.



(ii) **Shortening lease terms erode asset valuation and threaten business continuity.** The remaining investment properties (A) were all acquired prior to 2016; (B) have remaining lease terms of under 20 years; and (C) are expected to continue to depreciate and decline in valuation in the medium to long-term. On the back of the macro headwinds, according to JTC[11], the price index of multiple-user factory space with 30 years or less of remaining tenure had declined from 92.2 in the first quarter of 2023 to 88.9 in the fourth quarter of 2024. More critically, the renewal of the tenure of the Group's assets is pertinent to the continuity of the business. However, there is no certainty that the leases can be extended.

(iii) **Limited internally-generated cashflow unable to support major expansive growth.** Whilst the divestment and gearing reduction strategy has been critical for the successful turnaround of the Group, the monetisation of the Group's investment property portfolio has resulted in a reduction in revenue and cashflow, as shown in the chart below. Cash generated from operations has declined at a compound average rate of 20.44% over the past five (5) financial years. The Group had generated operating cashflow of S$4.4 million and S$6.7 million in FY2024 and FY2023 respectively. Whilst this is sufficient for the current operations of the Group, it is insufficient to support major expansive growth and business opportunities.

[11] JTC Quarterly Market Report (Industrial Properties) Fourth Quarter 2024.



(d) <u>Acquisition to Revitalise the Group with a New Growth Engine</u>

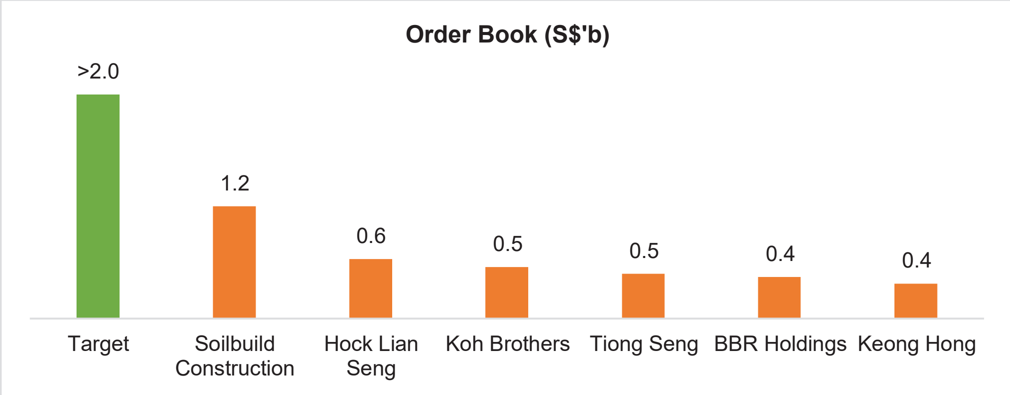
In the past few years, the management team of the Group has been exploring potential acquisitions and business opportunities. Although there were discussions held with various parties, there was no concrete offer from third parties. The management team is of the view that the Proposed Transaction is synergistic for the Group and presents an opportunity to revitalise the Group with a new growth engine.

The Target Group is primarily engaged in six (6) core business segments: (i) building construction; (ii) building construction in Australia; (iii) civil infrastructure; (iv) environmental and sustainability; (v) prefabrication technology; and (vi) procurement. It has attained a suite of credentials and certifications, including (A) A1 Classifications for General Building (CW01) and Civil Engineering (CW02) Contractors, allowing it to tender for public sector projects with unlimited contract value; (B) A1 Classifications for General Building Contractors, permitting it to tender for public sector projects with unlimited contract value; (C) L6 Mechanical Engineering (ME11) Workhead, qualifying it to tender for public sector contracts in Singapore with unlimited tender sums; (D) CR10B "Precast Concrete Works" and Financial Category L6, enabling it to bid for public sector prefabrication contracts of unlimited tender sums; and (E) being an approved material supplier for HDB projects.

The Group is expected to benefit from the integration of its construction capabilities with that of the Target's. Being able to combine both track records of successfully executing projects and leveraging a broader spectrum of in-house technical knowledge will allow the Group to execute a wider scope of construction work, both for its own development projects and other third-party contracts.

The Target Group's Outstanding Order Book stands in excess of S$2 billion, which significantly exceeds the order books of other Singapore-listed construction companies[12].

12 Information relating to the order books of the Singapore-listed construction companies are extracted from public announcements on the SGX-ST and are as of 30 June 2024, except for Keong Hong Holdings Limited's order book which is as of 30 September 2024.



The Proposed Transaction would thus allow the Group to emerge as one of the significant players in the building and construction industry.

(e) <u>Opportunity for the Group to Participate in Robust Demand for the Building and Construction Industry</u>

The construction sector rebounded strongly from the contraction observed during the Covid-19 pandemic. According to the Ministry of Trade and Industry[13], the construction sector grew 4.40% year-on-year in the fourth quarter of 2024, following the 5.60% expansion in the previous quarter. The increase in certified progress payments was largely driven by higher outturns in public civil engineering and residential building works.

Looking ahead, the BCA expects total construction demand to range between S$47 billion and S$53 billion for 2025, and to average between S$39 billion and S$46 billion per annum from 2026 to 2029[14]. Medium-term construction demand is projected to be

[13] https://www.mti.gov.sg/Resources/Economic-Survey-of-Singapore. Figures presented are based on figures reported in each respective year or period.

[14] https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2025/01/23/construction-demand-to-remain-strong-for-2025

robust, supported by projects such as Changi Airport Terminal 5, a steady pipeline of public housing developments, MRT projects such as the Cross Island Line (Phase 3) and the Downtown Line Extension to Sungei Kadut, Integrated Waste Management Facility (Phase 2), Tengah General and Community Hospital, Siglap South Integrated Development, Woodlands North Coast industrial estate, redevelopment of various junior colleges, commercial building redevelopments and other urban rejuvenation developments[15].

The Target is well-positioned to leverage its strong position and credentials to capitalise on the robust demand in the construction sector.

(f) <u>All-shares Transaction will (i) Strengthen the Group's Capital Base; and (ii) Ensure Alignment of Interest Between the Vendors and the Minority Shareholders of the Group</u>

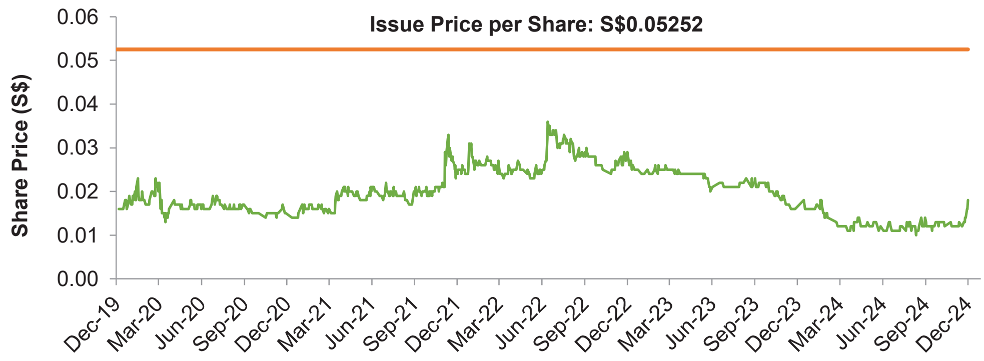
The Independent Valuer has assessed that the market value of the Target Group as at the valuation date of 30 June 2024 is in the range of approximately S$115.3 million to S$128.4 million. The Initial Consideration of S$118,548,000 falls within the lower end of the market value range assessed by the Independent Valuer.

The purchase consideration for the Proposed Acquisition will be satisfied solely by the issuance of new Shares. This allows the Group to preserve cashflow, and no debt or equity funds are required to be raised to satisfy the Final Consideration.

The Consideration Shares are issued at an issue price of S$0.05252 per Share (the "**Issue Price**"), which represents a premium of approximately 212.43% over the volume weighted average price ("**VWAP**") of S$0.01681 per Share for 4 December 2024, being the last full market day prior to the making of the Acquisition Announcement[16]. The Issue Price significantly exceeds the closing prices of the Shares for the past five (5) years. As the Issue Price is pegged to the NAV of the Group, the Proposed Issuance will preserve the value of the Group while enabling Shareholders to benefit from a potential value uplift from the Proposed Acquisition.

15 https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2025/01/23/construction-demand-to-remain-strong-for-2025

16 The Issue Price and corresponding premium to VWAP need to be considered in conjunction with the other terms of the Proposed Transaction including the Initial Consideration.



The Vendors are receiving Consideration Shares and not cashing out, ensuring alignment of interest between the Vendors and the Shareholders to work towards further growth and appreciation of the Enlarged Group.

(g) Competitive Strength of the Target Group

(i) **Established Track Record Well-Supported by Six (6) Pillars of Strength**

The Target Group is an established homegrown construction group in Singapore, with its beginnings as a subcontractor of conventional landed properties in the 1960s.

Over the years, the Target Group has built a reputation and track record in Singapore as a specialist in high-contract-value projects for the public residential market. Through organic growth and strategic acquisitions and investments, the Target Group has steadily enhanced its competencies to now include: (A) building construction; (B) building construction in Australia; (C) civil infrastructure; (D) environmental and sustainability; (E) prefabrication technology; and (F) procurement.

These expansions enhance the ability of the Target Group to effectively harness the expertise and capabilities across different areas of specialisation required for projects and to participate and compete in tenders for a broader range of engineering, procurement and construction projects (including building, civil engineering and infrastructure projects), which are of larger scale and/or higher value.

(ii) **Award-winning Business Segments with Full Suite of Credentials and Certifications**

As a testament to the Target Group's established track record, the Target Group owns a full suite of credentials and certifications across its various business segments:

(A) Building construction:

(1) consistently awarded the A1 classification by the BCA, being the BCA's highest classification tier for general building contractors. Such classification tier allows tendering for public sector projects with an unlimited contract value; and

(2) awarded A2 and B2 gradings as civil engineering contractors, which allows bidding for public sector civil engineering projects with values of up to S$105 million and S$16 million respectively;

(B) Civil infrastructure:

classified by the BCA as an A1 general building (CW01) and civil engineering (CW02) contracting firm, and is qualified to tender for public sector contracts with unlimited tender sums;

(C) Environmental and sustainability:

registered with the BCA under the L6 mechanical engineering (ME11) Workhead and is thus qualified to tender for public sector contracts in Singapore with unlimited tender sums;

(D) Prefabrication technology:

(1) registered with the BCA under the registration head, CR10B "Precast Concrete Works" and Financial Category L6, and is thus qualified to bid for public sector prefabrication contracts of unlimited tender sums; and

(2) CES Precast is an approved material supplier for HDB projects; and

(E) Procurement:

Eura is an approved material supplier of floor/wall tiles for HDB projects.

As a further testament to the Target Group's commitment to service and quality, the Target Group has received numerous awards and accolades from various government bodies and industry authorities. Please refer to paragraph 2.2 of this Circular for more information on the key awards and accolades awarded to the Target Group from 2023 up to the Latest Practicable Date.

It is difficult to replicate the Target Group's track record, credentials, certifications, industry knowledge, understanding and network.

(iii) **Impressive Track Record Built Through the Years by Experienced and Committed Management Team**

The team of Proposed Executive Officers are existing executive officers of the Target Group and have significant industry experience as further described in paragraph 12.6 of this Circular. A number of the Proposed Executive Officers have also been instrumental to the Target Group's construction activities and have more than 25 years of experience in the industry.

In addition to an in-depth knowledge of the construction industry, the Target Group's management team has built up invaluable business relationships with key players over the years. The Target Group has a team of graduate engineers and a large pool of supervisors and coordinators with considerable practical experience in handling complex construction situations. Almost all of the project managers and project engineers hold degrees in construction-related fields.

(iv) **Revenue Visibility and Sturdy Order Book Pipeline Underpin Profitability and Growth**

The Target Group's Outstanding Order Book stands in excess of S$2 billion which significantly exceeds the order books of other Singapore-listed construction companies[17].

Between FY2020 and FY2023, the Target Group incurred losses, which were attributable to unforeseen circumstances including (A) work restrictions during the Covid-19 pandemic; (B) a higher interest rate environment; and (C) the inflationary impact on material and labour costs during and post-Covid-19 pandemic. The whole construction industry had been adversely impacted.

Moving forward, barring unforeseen circumstances and to the best knowledge of the Target Group's management, the Target Group does not expect to incur further significant losses on its current order book as at 30 June 2024 that will adversely impact the profitability of the Target Group as a whole for FY2024. In addition, contracts secured during and post-Covid-19 pandemic would have factored in the escalated cost structure and provided for healthy margins. As at 30 June 2024, the outstanding order book of contracts secured pre-Covid-19 is approximately S$0.3 billion, while the outstanding order book of contracts secured during and post-Covid-19 is in excess of S$2 billion.

[17] Information relating to the order books of the Singapore-listed construction companies are extracted from public announcements on the SGX-ST and are as of 30 June 2024, except for Keong Hong Holdings Limited's order book which is as of 30 September 2024.

Paragraph 12.9(a) of this Circular highlights the strong momentum observed in the construction industry. Riding on the solid market and industry fundamentals, the Target Group is actively bidding for new and significant contracts. Revenue visibility and a sturdy order book pipeline underpin profitability and growth for the Target Group, thereby allowing shareholders to benefit from prudent financial management and order book strength.

3.2 **Principal Terms of the Proposed Transaction**

(a) Consideration

The consideration for the purchase of all the Sale Shares is S$118,548,000 (the "**Initial Consideration**"), subject to the adjustment mechanism agreed between the Company and the Vendors in the SPA, pursuant to which the Initial Consideration of S$118,548,000 payable by the Company to the Vendors for the Proposed Acquisition shall be adjusted to take into account the NAV of the Target Group as at the date falling five (5) Business Days before the Completion Date (the "**Consideration Adjustment**", and the amount of consideration after any adjustment (if applicable), being the "**Final Consideration**"). Further details of the Consideration Adjustment are set out in paragraph 3.2(b) of this Circular below.

The Initial Consideration for the Proposed Acquisition was arrived at on a willing-buyer willing-seller basis, taking into account *inter alia*, the NAV of the Group as at 30 June 2024 and the market value of the Target Group as at the valuation date of 30 June 2024 as assessed by the Independent Valuer.

The Final Consideration will be satisfied by the proposed allotment and issuance by the Company of an aggregate of up to 2,257,197,258[18] Shares to the Vendors (the "**Consideration Shares**") at the Issue Price of S$0.05252 per Share. The Issue Price is pegged at NAV per Share as at 30 June 2024. The number of Consideration Shares to be issued to each Vendor will be determined by dividing each Vendor's Relevant Consideration Portion by the Issue Price, fractional entitlements to be disregarded.

The Consideration Shares will be issued and credited as fully paid-up. For illustrative purposes only, assuming that the Final Consideration is equal to the Initial Consideration, the number of Consideration Shares to be issued by the Company to each Vendor is as follows:

[18] Calculated by dividing the Initial Consideration by the Issue Price, and disregarding fractional entitlements.

Vendor	Maximum consideration to be paid by the Company to the Vendor for Sale Shares (S$)(1)(2)	Maximum number of Consideration Shares to be allotted and issued by the Company (3)	Approximate proportion to the total number of issued Shares (%)(4)
APL	90,096,910	1,715,478,105	50.67
RC	14,225,545	270,859,576	8.00
MTC	11,854,621	225,716,314	6.67
LD	1,778,193	33,857,447	1.00
WTT	592,731	11,285,816	0.33
Total	**118,548,000**	**2,257,197,258**	**66.67**

Notes:

(1) In this table, any discrepancies between the listed figures and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this table may not be an arithmetic aggregation of the figures that precede them.

(2) Based on the Initial Consideration, being S$118,548,000.

(3) Calculated by dividing each Vendor's Relevant Consideration Portion by the Issue Price, fractional entitlements to be disregarded.

(4) Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

(b) Consideration Adjustment

Subject to the terms and conditions of the SPA, the Final Consideration shall be determined as follows:

(i) in the event that the estimated NAV of the Target Group as at the date falling five (5) Business Days before the Completion Date (such amount being the "**Final NAV**") is lower than S$68,800,000[19], the Final Consideration shall be calculated as follows:

Final Consideration = Initial Consideration – (S$68,800,000 – Final NAV); and

(ii) in the event that the Final NAV is equal to or more than S$68,800,000, the Final Consideration shall be equal to the Initial Consideration.

19 The figure of S$68,800,000 represents approximately 90% of the NAV of the Target Group of S$75.9 million as at 30 June 2024. The decision to use the figure of S$68,800,000 for the purposes of the Consideration Adjustment instead of the NAV of the Target Group of S$75.9 million as at 30 June 2024 was a commercial agreement pursuant to negotiations between the Company and the Vendors. The Consideration Adjustment is meant to, amongst other things, offer downside protection to the Shareholders, and the buffer of approximately 10% of the NAV of the Target Group of S$75.9 million as at 30 June 2024 is to secure a fixed Issue Price even if the NAV of the Company becomes lower.

(c) <u>Conditions Precedent</u>

Completion is subject to the fulfilment or waiver (as the case may be) of, *inter alia*, the following conditions precedent specified in the SPA (the "**<u>Conditions</u>**"):

(i) approval by the Shareholders at the SGM of: (A) the Proposed Transaction (including the Proposed Acquisition and the Proposed Issuance); and (B) the waiver of their rights to receive a takeover offer for their Shares as a result of the increase in shareholding in the Company of APL and persons acting in concert with it pursuant to the Proposed Transaction and the Tang Restructuring (the "**<u>Whitewash Resolution</u>**");

(ii) the SIC having granted, and not having revoked or repealed, the Whitewash Waiver;

(iii) the approval of the SGX-ST for the Proposed Transaction having been obtained where necessary and such approval not having been withdrawn or revoked as at the Completion Date, and if such approval is subject to any conditions or restrictions imposed by the SGX-ST, such conditions and restrictions being reasonably acceptable to the parties;

(iv) all consents and approvals as set out in Schedule 9 of the SPA for the acquisition of the Sale Shares and transactions contemplated under the SPA being granted, and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed; and if such conditions being fulfilled before the Completion Date, such consents or approvals not being revoked or repealed on or before the Completion Date;

(v) the listing and quotation notice being received and not having been withdrawn from the SGX-ST for the dealing in, listing of and quotation for the Consideration Shares on the SGX-ST and where such listing and quotation notice is obtained subject to any conditions, such conditions being reasonably acceptable to APL;

(vi) the obtaining of the consent (in such manner reasonably acceptable to the parties) to substitute the Company as the parent guarantor in replacement of APL from (A) The Hongkong and Shanghai Banking Corporation Limited; (B) UOB; (C) OCBC Bank; (D) Malayan Banking Berhad; (E) RHB Bank Berhad; (F) OCBC Bank (Malaysia) Berhad; (G) DBS Bank Ltd; and (H) Changi Airport Group (Singapore) Pte. Ltd. in respect of the respective banking facilities and/or contracts which APL is or will be providing a parent guarantee under, and where any such consent is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed; and if such conditions being fulfilled before the Completion Date, such consents not being revoked or repealed on or before the Completion Date;

(vii) there being (A) no Material Adverse Change (as reasonably determined by the Company) on the Target Group Companies taken as a whole; and (B) no Material Adverse Change (as reasonably determined by APL) on the Group Companies taken as a whole, in each case occurring on or before the Completion Date;

(viii) there being no breach of:

(A) the Other Vendor Warranties and the APL Fundamental Warranties as at the date of the SPA and as at the Completion Date; and

(B) the APL Warranties (other than the APL Fundamental Warranties) as at the date of the SPA and as at the Completion Date, as though made on and as at that date except to the extent any such APL Warranty expressly relates to an earlier date (in which case as at such earlier date) and further provided that such breach would result in a Material Adverse Change; and

(ix) there being no breach of:

(A) the Company's Fundamental Warranties as at the date of the SPA and as at the Completion Date; and

(B) the Company's Warranties (other than the Company's Fundamental Warranties) as at the date of the SPA and as at the Completion Date, as though made on and as at that date except to the extent any such Company Warranty expressly relates to an earlier date (in which case as at such earlier date) and further provided that such breach would result in a Material Adverse Change.

(d) <u>Completion</u>

Subject to the Conditions being fulfilled or waived in accordance with the SPA, Completion shall take place on the date falling 10 Business Days after the date of fulfilment or waiver of the last of the Conditions (but excluding those Conditions that are required to be fulfilled up to and including Completion), or such other date as may be agreed in writing between the Vendors and the Company.

If any of the Conditions have not been satisfied (or, where applicable, have not been waived in accordance with the SPA) within six (6) months from the date of the SPA (or such other date as the Vendors and the Company may agree in writing), the parties may terminate the SPA and no party under the SPA shall have any claim against the other parties for costs, damages, compensation or otherwise, save for any rights, claims or remedies available or already accrued to such party.

3.3 **Shareholding Restructuring after Completion**

As at the Latest Practicable Date:

(a) Haiyi is a controlling shareholder of the Company holding 500,000,000 Shares (the "**Haiyi Shares**") representing approximately 44.30%[20] of the issued and paid-up share capital of the Company;

(b) CT and GT collectively hold 100.00% of the issued and paid-up share capital of Haiyi; and

(c) each of CT and GT is a director of Haiyi.

On or shortly after Completion, CT and GT intend to streamline their shareholdings in the Company and accordingly, Haiyi will transfer the Haiyi Shares to APL (the "**Tang Restructuring**").

Based on the Proposed Issuance, APL's resultant shareholding in the Company upon Completion and the completion of the Tang Restructuring will be up to 2,215,478,105[21] Shares, representing approximately 65.43%[22] of the enlarged share capital of the Company.

For illustrative purposes only, the shareholding structures of the Company as at the Latest Practicable Date and following Completion and the completion of the Tang Restructuring are as follows:

(i) as at the Latest Practicable Date:

Shareholders of the Company	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)
Haiyi	500,000,000	44.30	-	-	500,000,000	44.30
GT	-	-	500,000,000(2)	44.30	500,000,000	44.30
CT	-	-	500,000,000(3)	44.30	500,000,000	44.30
Li Lee Yu	63,754,800	5.65	-	-	63,754,800	5.65

20 Based on the Company's issued and paid-up share capital of 1,128,657,445 Shares as at the Latest Practicable Date and rounded to two (2) decimal places.

21 Based on the maximum number of Consideration Shares to be allotted and issued by the Company, assuming the Final Consideration is equal to the Initial Consideration.

22 Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

Shareholders of the Company	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)
Other Shareholders	564,902,645	50.05	-	-	564,902,645	50.05
Total	**1,128,657,445**	**100.00**	**-**	**-**	**1,128,657,445**	**100.00**

Notes:

(1) The percentage interest is based on the Company's issued and paid-up share capital of 1,128,657,445 Shares as at the Latest Practicable Date and rounded to two (2) decimal places.

(2) GT is deemed to be interested in the 500,000,000 Shares held by Haiyi.

(3) CT is deemed to be interested in the 500,000,000 Shares held by Haiyi.

(ii) following Completion and the completion of the Tang Restructuring:

Shareholders of the Company	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)
Haiyi	-	-	-	-	-	-
APL	2,215,478,105 (2)	65.43	-	-	2,215,478,105	65.43
GT	-	-	2,215,478,105 (3)	65.43	2,215,478,105	65.43
CT	-	-	2,215,478,105 (4)	65.43	2,215,478,105	65.43
RC	270,859,576 (2)	8.00	-	-	270,859,576	8.00
MTC	225,716,314 (2)	6.67	-	-	225,716,314	6.67
LD	33,857,447 (2)	1.00	-	-	33,857,447	1.00
WTT	11,285,816 (2)	0.33	-	-	11,285,816	0.33
Li Lee Yu	63,754,800	1.88	-	-	63,754,800	1.88
Other Shareholders	564,902,645	16.68	-	-	564,902,645	16.68
Total	**3,385,854,703**	**100.00**	**-**	**-**	**3,385,854,703**	**100.00**

Notes:

(1) The percentage interest is based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and rounded to two (2) decimal places.

(2) Based on the maximum number of Consideration Shares to be allotted and issued by the Company, assuming the Final Consideration is equal to the Initial Consideration.

(3) GT is deemed to be interested in the 2,215,478,105 Shares held by APL.

(4) CT is deemed to be interested in the 2,215,478,105 Shares held by APL.

3.4 **Appointment of the Proposed New Directors to the Post-Completion Board**

It is intended that upon Completion, the Existing Board (save for Mr. Yeo Gek Leong Clarence) will each resign as directors of the Company, and subject to the approval from the Shareholders, the New Board will comprise the following members:

(a) RC (*Non-Executive and Non-Independent Chairman*);

(b) MTC (*Non-Executive and Non-Independent Director);*

(c) Mr. Tang Jialin (*Non-Executive and Non-Independent Director*);

(d) Mr. Abdul Jabbar Bin Karam Din (*Lead Independent Director*);

(e) Prof. Low Teck Seng (*Independent Director*);

(f) Dr. Neo Boon Siong (*Independent Director*);

(g) Mr. Yeo Gek Leong Clarence (*Independent Director*); and

(h) Mr. Shng Yunn Chinn (*Independent Director*).

Shareholders' approval by ordinary resolution will be sought for the appointment of the Proposed New Directors at the SGM. Please refer to paragraph 12.5 of this Circular for further details of the proposed New Board's composition and Proposed New Directors following Completion.

3.5 **Rule 1015(2) of the Listing Manual**

Under Rule 1015(2) of the Listing Manual, for very substantial acquisitions, the target business to be acquired must be profitable and meet the requirement in Rule 210(4)(a)[23] of the Listing Manual (the "**Profitability Requirement**"), and the Enlarged Group must comply with the

23 Rule 210(4)(a) of the Listing Manual relates to the requirement that the Enlarged Group must be in a healthy financial position, having regard to whether the Enlarged Group has a positive cash flow from operating activities.

requirements in Rules 210(5)[24] and 210(6)[25] of the Listing Manual. The issuer must appoint a competent and independent valuer to value the assets. The SGX-ST may approve the very substantial acquisition unconditionally or subject to condition(s), or may reject it, as it thinks appropriate.

The SGX-ST had confirmed on 3 October 2024 that it had no objection to the Company's view that the Target Group has met the Profitability Requirement, subject to there being no material differences in the profitability of the Target Group for FY2024 as compared to 1H2024.

As described below, as at the Latest Practicable Date, the Company has met the above requirements:

(a) **The Target Group is Profitable and Meets the Requirements in Rule 210(4)(a) of the Listing Manual**

The Board is of the opinion that, to the best of their knowledge and belief, the Target Group is in a healthy financial position and profitable overall, taking into consideration the following factors:

(i) based on the audited consolidated financial information of the Target Group for FY2021, FY2022 and FY2023, and the unaudited condensed interim consolidated financial information of the Target Group for the financial period of six (6) months ended 30 June 2024 as set out in **Appendix C** to this Circular, the profit/(loss) and the net cash flows generated from/(used in) operating activities for the Target Group for the relevant periods are set out as follows:

	6 months ended 30 June 2024 S$'000	**Full year ended 31 December 2023** S$'000	**Full year ended 31 December 2022** S$'000	**Full year ended 31 December 2021** S$'000
Profit/(Loss) for the period/year	5,423	(28,108)	16,300	1,208
Net cash flows generated from/(used in) operating activities	24,099	2,221	(881)	(14,687)

[24] Rule 210(5) of the Listing Manual relates to, amongst other things, requirements with respect to the directors and management of the Enlarged Group.

[25] Rule 210(6) of the Listing Manual provides that a subsidiary or parent company of the Company will not normally be considered suitable for listing if the assets and operations of the applicant are substantially the same as those of the Company.

(ii) The Target Group attained a net profit (after tax) of approximately S$5.4 million in 1H2024. It has turned around from the net loss (after tax) of approximately S$7.2 million in 1H2023 or S$28.1 million in FY2023, which was mainly attributable to a one-off net provision for four (4) contracts (the "**Pre-Covid-19 Contracts**") of approximately S$17.2 million (after tax) or S$43.4 million (after tax) respectively (the "**Provision**"). This was partially offset by the approximately S$7.9 million (after tax) write-back provision in FY2023 for liquidated damages of a civil infrastructure contract that was substantially completed in FY2022.

In relation to the above losses in FY2023:

(A) the realisation of higher project costs to completion which led to negative margins on the Pre-Covid-19 Contracts was due to (1) the inflationary impact on material and labour costs during and post-Covid-19, with the cost increase being particularly steep during the period from late 2022 and through 2023; and (2) the current higher interest rate environment;

(B) the Target Group acts as the main contractor and engages subcontractors to execute certain tasks. The costs of engaging these subcontractors can only be known with a higher level of certainty upon the award of such contracts.

A portion of the approximately S$43.4 million (after tax) provision could have been recognised in FY2021 or FY2022 if subcontractor awards had been executed in a timely manner in 2021 or 2022. Notwithstanding the net loss for FY2023 of approximately S$28.1 million, the aggregate net loss for FY2021, FY2022, FY2023 and 1H2024 was approximately S$5.2 million.

Furthermore, as stated in paragraph 3.5(a)(viii) of this Circular below, as at 30 June 2024, all the subcontractor contracts in respect of the Pre-Covid-19 Contracts have been awarded. Further, to the best of the knowledge of the Target Group's management team, all foreseeable losses in respect of the Pre-Covid-19 Contracts have been fully provided for;

(C) in the construction industry, revenue recognition is not linear, and lower revenue will generally be recognised as the project teams transit between completion of earlier projects and commencement of new projects. Accordingly, as certain key projects were completed only in late FY2022, lower revenue was recognised in FY2023 due to the lead time involved between the commencement of new projects in FY2023 and the billing cycle for work completed;

(D) despite the loss of approximately S$28.1 million in FY2023, the Target Group generated a positive net operating cash flow of approximately S$2.2 million for the same period because the losses were generally non-cash in nature; and

(E) the Target Group has implemented the measures set out in paragraph 3.5(a)(ix) of this Circular to mitigate the risk of subcontractor cost overruns;

(iii) the negative net cash flow generated from operating activities of the Target Group for FY2021 and FY2022 was mainly attributable to an increase in net contract assets of approximately S$24.6 million and S$29.0 million respectively. These represent works done but not yet billed to customers and once billed to and collected from customers, will represent net cash flow to the Target Group;

(iv) emerging from Covid-19, the Target Group recovered strongly and reported net profits of approximately S$1.2 million and approximately S$16.3 million for FY2021 and FY2022 respectively;

(v) as at 30 June 2024, the Target Group is in a strong financial position, with total equity of approximately S$75.9 million, NTA of approximately S$65.1 million and a net cash position of approximately S$68.1 million;

(vi) the Target Group's Outstanding Order Book stands in excess of S$2 billion. Recent tenders for new projects have already factored in the escalated cost structure post-Covid-19 for the construction industry with higher visibility on revenues and margins compared to the earlier projects that were affected by Covid-19 and its disruption to the construction industry. Please refer to paragraph 3.5(a)(x) of this Circular which shows the breakdown of the Target Group's Outstanding Order Book; and

(vii) further details of the Pre-Covid-19 Contracts and the portion of the Provision attributable to each of them are as follows:

(A) LTA Contract

One (1) of the Pre-Covid-19 Contracts is a contract awarded by the Land Transport Authority ("**LTA**") at a contract sum of approximately S$231.1 million (the "**LTA Contract**"). The LTA Contract was awarded in February 2020 and is expected to complete in 2026.

Provisions made in relation to the LTA Contract amounted to approximately S$42.1 million (after tax) in 2023, and were for (1) losses ensuing from increased project costs as a result of actual amounts awarded under the subcontracts being higher than the estimated contract costs at the budgeting stage of the project; (2) estimated loss on yet-to-be-awarded subcontracts; (3) higher project overheads due to extensions of time; and (4) variation orders raised by subcontractors.

The remaining contract amount for the LTA Contract as at 30 June 2024 is approximately S$97.13 million.

(B) Ongoing HDB Contracts

Two (2) of the Pre-Covid-19 Contracts are contracts awarded by HDB at an aggregate contract sum of approximately S$292.6 million[26] (the "**Ongoing HDB Contracts**", and each an "**Ongoing HDB Contract**"). One (1) of the Ongoing HDB Contracts which was awarded in May 2017 has received certificates of substantial completion in FY2023, and the Target Group expects to receive the Certificate of Statutory Completion ("**CsC**") from the BCA by FY2025. The second Ongoing HDB Contract which was awarded in January 2018 is substantially completed, save for the completion of the construction of two (2) linkways and related electrical works to the bus stops as requested by HDB, and the Target Group expects to receive the CsC from the BCA by FY2025.

Net writeback of provisions made in relation to the Ongoing HDB Contracts (the "**Ongoing HDB Contract Net Writeback**") amounted to an aggregate of approximately S$0.3 million[27] (after tax) in FY2023. The Ongoing HDB Contract Net Writeback relates to (1) writeback of potential liquidated damages; (2) additional works required; (3) higher project overheads due to extensions of time; and (4) variation orders raised by subcontractors.

The remaining contract amount for the Ongoing HDB Contracts as at 30 June 2024 is approximately S$2.59 million.

(C) Private Residential Contract

One (1) of the Pre-Covid-19 Contracts is a private residential development contract at a contract sum of approximately S$89.7 million[28] (the "**Private Residential Contract**"). The Private Residential Contract was awarded in July 2019 and the development obtained its

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26 As at the Latest Practicable Date, the aggregate sum of the Ongoing HDB Contracts has been revised to S$292.5 million due to variation orders and omissions raised with HDB.

27 As at the Latest Practicable Date, there was a partial net writeback of the provisions in respect of the Ongoing HDB Contracts amounting to an aggregate of approximately S$0.7 million (after tax) in FY2024. This is mainly attributable to the receipt of the Construction Quality Assessment System (CONQUAS®) award from the Building and Construction Authority of Singapore, which accordingly increased the Ongoing HDB Contracts' revenue and reduced their losses.

28 As at the Latest Practicable Date, the contract sum of the Private Residential Contract has been revised to S$88.1 million upon settlement of the final accounts for this project.

temporary occupation permit on 18 July 2023. The Target Group expects to receive the certificate of final completion from the developer in due course.

Provisions made in relation to the Private Residential Contract amounted to approximately (1) S$1.6 million (after tax) in 2023 in relation to (I) higher project overheads due to extensions of time; and (II) variation orders raised by subcontractors; and (2) S$1.4 million (after tax) in the financial year ended 31 December 2024 in relation to the commercial settlement of variation orders raised by the Target Group with the developer upon final account.

The remaining contract amount for the Private Residential Contract as at 30 June 2024 is approximately S$0.91 million.

(viii) Award of Subcontractor Contracts

As at 30 June 2024, the Target Group has made provisions for expected losses on the portion of the LTA Contract that has not been awarded to subcontractors as at 30 June 2024, which amounted to approximately S$50.30 million. Such provisions take into account prevailing post-Covid-19 market pricing and conditions. Save for the foregoing, all the subcontractor contracts in respect of the Pre-Covid-19 Contracts have been awarded.

Barring any unforeseen circumstances, to the best of the knowledge of the Target Group's management, all foreseeable losses in respect of the Pre-Covid-19 Contracts have been fully provided for.

(ix) Measures to Mitigate the Risk of Subcontractor Cost Overruns

The Target Group adopts the following measures to mitigate the risk of subcontractor cost overruns:

(A) Estimating and Budgeting

Budgets formulated with respect to the Target Group's tenders are based on a standard project margin over its escalated cost structure. This covers, at minimum, key project costs such as: (1) labour; (2) materials (e.g. purchase of rebar, structural steel and concrete); and (3) quotations from subcontractors. In addition, government-related contracts also contain material fluctuation clauses with respect to concrete and steel rebar costs.

(B) Risk Management

The Target Group identifies potential risks that may impact project costs, and develops holistic contingency plans to address such risks and provide for reasonable contingency sums for each project to mitigate any adverse impact.

(C) Quarterly Management and Monitoring of Budgets

The Target Group reviews the budget of each active project on a quarterly basis to closely monitor the costs associated with such project against its budget until completion. This helps the Target Group identify cost overruns early and allows for timely corrective actions.

(D) Subcontractor Management

The Target Group's awarded subcontractors are carefully selected based on their track record, reliability, and cost-effectiveness.

While the adoption of these measures helps the Target Group effectively manage project costs and reduce the risk of cost overruns, there are always inherent risks that are beyond the Target Group's control, including, for example, the Covid-19 pandemic or global political instability, which disrupt international supply chains and put pressure on project costs.

(x) Target Group's Outstanding Order Book

All contracts secured by the Target Group since 2021 have taken into account the escalated cost structure and generally, contracts that have been secured more recently would have tracked the recent cost structure more closely.

The following table sets out a breakdown of contracts secured by the Target Group over the years and up to 30 June 2024:

Year Contract Secured	**Remaining Contract Amount (%)**	**Cumulative % of Target Group's Outstanding Order Book (from Reference Year up to 30 June 2024)**
Pre-2021	12.50%	100.00%
2021	4.17%	87.50%
2022	4.17%	83.33%
2023	70.83%	79.16%
1H2024	8.33%	8.33%
Total	100.00%	

A significant percentage of the Target Group's Outstanding Order Book comprises contracts which have, to a large extent, factored in the escalated cost structure as: (A) 87.50% of the Target Group's Outstanding Order Book are contracts secured since 2021; (B) 83.33% of the Target Group's Outstanding Order Book are contracts secured since 2022; (C) 79.16% of the Target Group's Outstanding Order Book are contracts secured since 2023; and (D) 8.33% of the Target Group's Outstanding Order Book are contracts secured in 1H2024. As mentioned in paragraph 3.5(a)(ix) of this Circular, the post-Covid-19 escalated cost structure was factored in the budget for recently-awarded contracts, including two (2) new key contacts that were awarded by HDB to the Target Group in the second half of 2023, with a total contract sum in excess of S$1 billion.

Accordingly, the Target Group's management team is of the view that the future order book of the Target Group will provide positive earnings and cash flow.

(b) **The Enlarged Group Complies with the Requirements in Rules 210(5) and 210(6) of the Listing Manual**

The Enlarged Group complies with the requirements in Rules 210(5) and 210(6) of the Listing Manual as follows:

(i) The Board is of the view that the directors and management of the Company following Completion have the appropriate experience and expertise to manage the Enlarged Group's business. While Mr. Tang Jialin, MTC and Mr. Shng Yunn Chinn do not have prior experience as a director of an issuer listed on the SGX-ST, they have undertaken to attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 2.3 of the Listing Manual within one (1) year from the date of their respective appointments to the Board.

(ii) Nothing has come to the attention of the Board in respect of the character and integrity expected of any of the Proposed New Directors, management and controlling shareholders of the Company as a listed issuer following Completion.

(iii) The Board has and will, following Completion, continue to have at least two (2) non-executive directors who are independent within the meaning set out in Rule 210(5) of the Listing Manual and free of any material business or financial connection with the Company.

(iv) The Board will, following Completion, have in place the ARC, the Nominating Committee and the Remuneration Committee, with written terms of reference which clearly set out the authority and duties of such committees.

(v) The Proposed Acquisition does not involve a chain listing of a subsidiary or parent company of the Company.

(c) **The Company has Engaged the Independent Valuer to Undertake a Valuation of the Target Group at the Valuation Date of 30 June 2024**

Please refer to **Appendix B** entitled "Summary Valuation Report" for further details on the independent valuation of the Target Group.

3.6 **The Proposed Transaction as a "Very Substantial Acquisition" under Rule 1006 of the Listing Manual**

For the purposes of Chapter 10 of the Listing Manual, the relative figures for the Proposed Transaction using the bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

(a)	The NAV of the assets to be disposed of, compared with the Group's NAV	Not applicable(1)
(b)	The net profits(2) attributable to the assets acquired or disposed of, compared with the Group's net profits	-429.45%
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares)	624.83%(3)
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	199.99%(4)

Notes:

(1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.

(2) Under Rule 1002(3) of the Listing Manual, "net profits" is defined as profit or loss, including discontinued operations that have not been disposed and before income tax and non-controlling interests. Based on the net losses of the Target Group for the 12 months ended 30 June 2024 of S$17,878,000 (derived from the Target Group's unaudited condensed interim consolidated financial information for the six (6) months ended 30 June 2024 and for the six (6) months ended 30 June 2023 and the Target Group's audited consolidated financial information for financial year ended 31 December 2023) and the net profits of the Group for the financial year ended 30 June 2024 of S$4,163,000.

(3) The Company's market capitalisation of approximately S$18,972,732 is determined by multiplying 1,128,657,445 Shares by the VWAP of S$0.01681 per Share for 4 December 2024, being the last full market day prior to the making of the Acquisition Announcement.

(4) Based on the consideration of up to S$118,548,000 for the Proposed Transaction and the Issue Price, an aggregate of up to 2,257,197,258 Consideration Shares will be issued (disregarding fractional entitlements). The Company has an issued and paid-up share capital of 1,128,657,445 Shares as at the Acquisition Announcement Date.

As the relative figures under Rule 1006 (b), (c) and (d) of the Listing Manual exceed 100.00%, the Proposed Transaction constitutes a "very substantial acquisition" pursuant to Rule 1015 of the Listing Manual. Accordingly, the Proposed Transaction is subject to, *inter alia*, the approval of the SGX-ST and of the Shareholders.

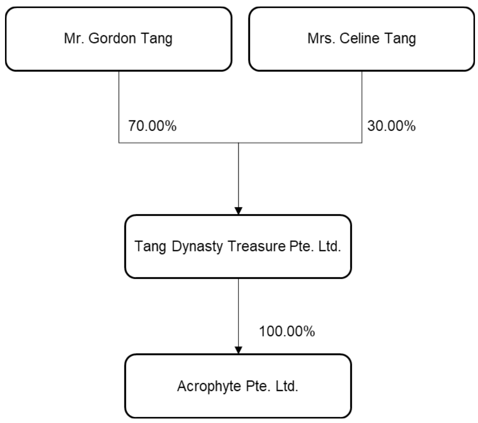
3.7 **Approval in-Principle of the SGX-ST**

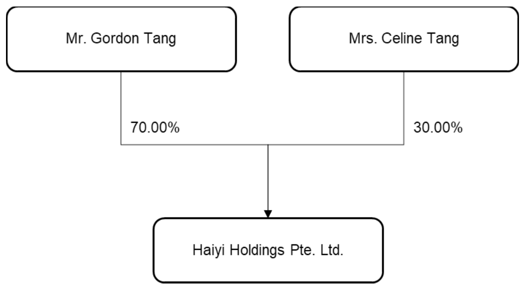
On 28 February 2025, the SGX-ST granted its approval in-principle for the Proposed Transaction. Please refer to paragraph 5 of this Circular for further details.

4. MORATORIUM

In compliance with the moratorium requirements specified in Rule 1015(3)(c) and Rule 229 of the Listing Manual and imposed by the SGX-ST, Haiyi, APL, GT and CT will provide moratorium undertakings in favour of the Company in respect of their entire effective shareholding interest in the Company, the details of which are set out at paragraphs 4.1 to 4.4 of this Circular.

The diagrammatic representations of the shareholding structures of Haiyi and APL as at the Latest Practicable Date are also set out below.





4.1 **Moratorium Undertaking from Haiyi**

Subject to the exceptions described below, Haiyi will undertake that it shall not, for (a) the period between the Completion Date and the completion of the Tang Restructuring where Haiyi holds the Haiyi Shares; or (b) the six (6)-month period from the Completion Date (the "**Lock-up Period**"), whichever is shorter (the "**Haiyi Lock-up Period**"), directly or indirectly undertake any of the following actions in respect of the Haiyi Shares (the "**Haiyi Moratorium**"):

(i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of the Haiyi Shares (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Haiyi Shares) or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of the Haiyi Shares or such other securities, in cash or otherwise;

(ii) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Haiyi Shares (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Haiyi Shares), whether any such transaction described above is to be settled by delivery of the Haiyi Shares or such other securities, in cash or otherwise;

(iii) deposit any of the Haiyi Shares or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase any of the Haiyi Shares in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with its obligations under its undertaking), whether any such transaction described above is to be settled by delivery of the Haiyi Shares or such other securities, in cash or otherwise;

(iv) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or

(v) announce or publicly disclose any intention to do any of the above,

unless with the prior written consent of the Company and the SGX-ST.

The restrictions described in the preceding paragraph do not apply to any transfer of all or part of the Haiyi Shares in connection with the Tang Restructuring.

If, for any reason, the Proposed Transaction is terminated in accordance with the SPA, the Haiyi Moratorium shall be terminated.

4.2 **Moratorium Undertaking from APL**

Subject to the exceptions described below, APL will undertake that it shall not, for the Lock-up Period, directly or indirectly undertake any of the following actions in respect of its shareholding in the Company amounting to up to 2,215,478,105[29] Shares, representing approximately 65.43%[30] of the enlarged share capital of the Company, upon Completion and the completion of the Tang Restructuring (the "**Relevant APL Shares**", and such moratorium undertaking, the "**APL Moratorium**"):

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend,

29 Based on the maximum number of Consideration Shares to be allotted and issued by the Company, assuming the Final Consideration is equal to the Initial Consideration.

30 Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

hypothecate, grant security over, encumber or otherwise transfer or dispose of the Relevant APL Shares (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant APL Shares) or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of the Relevant APL Shares or such other securities, in cash or otherwise;

(b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant APL Shares (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant APL Shares), whether any such transaction described above is to be settled by delivery of the Relevant APL Shares or such other securities, in cash or otherwise;

(c) deposit any of the Relevant APL Shares or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant APL Shares in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with its obligations under its undertaking), whether any such transaction described above is to be settled by delivery of the Relevant APL Shares or such other securities, in cash or otherwise;

(d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or

(e) announce or publicly disclose any intention to do any of the above,

unless with the prior written consent of the Company and the SGX-ST.

The restrictions described in the preceding paragraph do not apply to any transfer of all or part of the Relevant APL Shares to any of APL's direct and indirect wholly-owned subsidiaries, provided that each such subsidiary has executed and delivered to the Company an undertaking in relation to such Relevant APL Shares that have been transferred to it that is on substantially the same terms to the effect of the restrictions described above, to remain in effect for the remainder of the Lock-up Period.

If, for any reason, the Proposed Transaction is terminated in accordance with the SPA, the APL Moratorium shall be terminated.

4.3 **Moratorium Undertaking from GT**

GT will undertake to procure that:

(a) Haiyi complies with the terms of the Haiyi Moratorium; and

(b) APL complies with the terms of the APL Moratorium.

Subject to the exceptions described below, GT will undertake that:

(i) he shall not:

(A) in respect of the 70 ordinary shares held by him in the capital of Tang Dynasty Treasure, representing approximately 70.00%[31] of the issued share capital of Tang Dynasty Treasure ("**Relevant GT Tang Shares**"), for the Lock-up Period; and

(B) in respect of the 140,513,333 ordinary shares held by him in the capital of Haiyi, representing approximately 70.00%[32] of the issued share capital of Haiyi (the "**Relevant GT Haiyi Shares**"), for the Haiyi Lock-up Period; and

(ii) he shall procure that Tang Dynasty Treasure shall not, in respect of the 785,324,776 ordinary shares held by it in the capital of APL, representing 100.00%[33] of the issued share capital (excluding treasury shares) of APL (the "**Relevant Tang APL Shares**"), for the Lock-up Period,

directly or indirectly undertake any of the following actions in respect of his entire indirect effective interest in the Company, comprising the Relevant GT Haiyi Shares, Relevant GT Tang Shares and GT's indirect effective interest in the Relevant Tang APL Shares (the "**Relevant GT Interests**"):

(1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of the Relevant GT Interests (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant GT Interests) or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of the Relevant GT Interests or such other securities, in cash or otherwise;

(2) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant GT Interests (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant GT Interests), whether any such transaction described above is to be settled by delivery of the Relevant GT Interests or such other securities, in cash or otherwise;

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31 Based on Tang Dynasty Treasure's issued and paid-up share capital of 100 shares as at the Latest Practicable Date and rounded to two (2) decimal places.

32 Based on Haiyi's issued and paid-up share capital of 200,733,333 shares as at the Latest Practicable Date and rounded to two (2) decimal places.

33 Based on APL's issued and paid-up share capital of 785,324,776 shares (excluding 38,693,900 treasury shares) as at the Latest Practicable Date and rounded to two (2) decimal places.

(3) deposit any of the Relevant GT Interests or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant GT Interests in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with its obligations under its undertaking), whether any such transaction described above is to be settled by delivery of the Relevant GT Interests or such other securities, in cash or otherwise;

(4) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or

(5) announce or publicly disclose any intention to do any of the above,

unless with the prior written consent of the Company and the SGX-ST.

The restrictions described in the preceding paragraphs do not apply to:

(I) any transfer of all or part of the Relevant GT Haiyi Shares to any entity, directly or indirectly, wholly owned by GT or GT and CT, provided that each such entity has executed and delivered to the Company an undertaking in relation to such Relevant GT Haiyi Shares that have been transferred to it that is on substantially the same terms to the effect of the restrictions described above, to remain in effect for the remainder of the Haiyi Lock-up Period;

(II) any transfer of all or part of the Relevant GT Tang Shares to any entity, directly or indirectly, wholly owned by GT or GT and CT, provided that each such entity has executed and delivered to the Company an undertaking in relation to such Relevant GT Tang Shares that have been transferred to it that is on substantially the same terms to the effect of the restrictions described above, to remain in effect for the remainder of the Lock-up Period; or

(III) any transfer of all or part of the Relevant Tang APL Shares to any entity, directly or indirectly, wholly owned by GT or GT and CT, provided that each such entity has executed and delivered to the Company an undertaking in relation to such Relevant Tang APL Shares that have been transferred to it that is on substantially the same terms to the effect of the restrictions described above, to remain in effect for the remainder of the Lock-up Period.

If, for any reason, the Proposed Transaction is terminated in accordance with the SPA, the moratorium undertaking described above shall be terminated.

4.4 Moratorium Undertaking from CT

CT will undertake to procure that:

(a) Haiyi complies with the terms of the Haiyi Moratorium; and

(b) APL complies with the terms of the APL Moratorium.

Subject to the exceptions described below, CT will undertake that:

(i) she shall not:

(A) in respect of the 30 ordinary shares held by her in the capital of Tang Dynasty Treasure, representing approximately 30.00%[34] of the issued share capital of Tang Dynasty Treasure ("**Relevant CT Tang Shares**"), for the Lock-up Period; and

(B) in respect of the 60,220,000 ordinary shares held by her in the capital of Haiyi, representing approximately 30.00%[35] of the issued share capital of Haiyi (the "**Relevant CT Haiyi Shares**"), for the Haiyi Lock-up Period; and

(ii) she shall procure that Tang Dynasty Treasure shall not, in respect of the Relevant Tang APL Shares, for the Lock-up Period,

directly or indirectly undertake any of the following actions in respect of her entire indirect effective interest in the Company, comprising the Relevant CT Haiyi Shares, Relevant CT Tang Shares and CT's indirect effective interest in the Relevant Tang APL Shares (the "**Relevant CT Interests**"):

(1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of the Relevant CT Interests (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant CT Interests) or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of the Relevant CT Interests or such other securities, in cash or otherwise;

(2) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant CT Interests (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant CT Interests), whether any such transaction described above is to be settled by delivery of the Relevant CT Interests or such other securities, in cash or otherwise;

(3) deposit any of the Relevant CT Interests or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant

34 Based on Tang Dynasty Treasure's issued and paid-up share capital of 100 shares as at the Latest Practicable Date and rounded to two (2) decimal places.

35 Based on Haiyi's issued and paid-up share capital of 200,733,333 shares as at the Latest Practicable Date and rounded to two (2) decimal places.

CT Interests in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with its obligations under its undertaking), whether any such transaction described above is to be settled by delivery of the Relevant CT Interests or such other securities, in cash or otherwise;

(4) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or

(5) announce or publicly disclose any intention to do any of the above,

unless with the prior written consent of the Company and the SGX-ST.

The restrictions described in the preceding paragraphs do not apply to:

(I) any transfer of all or part of the Relevant CT Haiyi Shares to any entity, directly or indirectly, wholly owned by CT or CT and GT, provided that each such entity has executed and delivered to the Company an undertaking in relation to such Relevant CT Haiyi Shares that have been transferred to it that is on substantially the same terms to the effect of the restrictions described above, to remain in effect for the remainder of the Haiyi Lock-up Period;

(II) any transfer of all or part of the Relevant CT Tang Shares to any entity, directly or indirectly, wholly owned by CT or CT and GT, provided that each such entity has executed and delivered to the Company an undertaking in relation to such Relevant CT Tang Shares that have been transferred to it that is on substantially the same terms to the effect of the restrictions described above, to remain in effect for the remainder of the Lock-up Period; or

(III) any transfer of all or part of the Relevant Tang APL Shares to any entity, directly or indirectly, wholly owned by CT or CT and GT, provided that each such entity has executed and delivered to the Company an undertaking in relation to such Relevant Tang APL Shares that have been transferred to it that is on substantially the same terms to the effect of the restrictions described above, to remain in effect for the remainder of the Lock-up Period.

If, for any reason, the Proposed Transaction is terminated in accordance with the SPA, the moratorium undertaking described above shall be terminated.

5. LISTING AND QUOTATION OF THE CONSIDERATION SHARES TO BE ISSUED IN CONNECTION WITH THE PROPOSED TRANSACTION

An application has been made to the SGX-ST for permission for the listing and quotation of the Consideration Shares. The Proposed Acquisition is conditional upon, *inter alia*, the listing and quotation notice from the SGX-ST being obtained.

On 28 February 2025, the SGX-ST granted its approval in-principle for the Proposed Acquisition, a very substantial acquisition, and the listing and quotation of the Consideration Shares, subject to, *inter alia*, the following conditions:

(a) compliance with the SGX-ST's listing requirements;

(b) Shareholders' approval for the Proposed Transaction and the Whitewash Resolution;

(c) the Circular being despatched to Shareholders no later than 15 March 2025;

(d) disclosure in the Circular of the confirmations from the Board and the Audit Committee that to the best of their knowledge and belief, there is no material adverse change in the profitability and financial position of the Target Group for the full year ended 31 December 2024 as compared to the half year ended 30 June 2024;

(e) disclosure in the Circular of confirmations from (i) the Independent Valuer that there have been no events from the date of issuance of the valuation report (being 12 November 2024) to 31 December 2024 which would as at 31 December 2024 result in a material and adverse impact to the 30 June 2024 Valuation; and (ii) the Board that to the best of their knowledge and belief, there have been no events from the date of issuance of the valuation report (being 12 November 2024) to 31 December 2024 which would as at 31 December 2024 result in a material and adverse impact to the 30 June 2024 Valuation;

(f) submission of moratorium undertakings by Haiyi, APL, GT and CT in respect of their entire effective shareholding interest in the Company for a period of six (6) months from the Completion Date; and

(g) the disclosure via SGXNet, no later than one (1) week prior to the date of the SGM, of the interim financial statements of the Group for the half year ended 31 December 2024 and the unaudited financial results of the Target Group for the full year ended 31 December 2024.

It should be noted that the SGX-ST's approval in-principle is not to be taken as an indication of the merits of the Proposed Transaction, the Consideration Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

6. THE PROPOSED WHITEWASH RESOLUTION

6.1 Mandatory Offer Obligation under the Code

For the purposes of Rule 14.1(b) of the Code, persons acting in concert with APL (together with APL, collectively, the "**Concert Party Group**") include Haiyi, RC, MTC, LD and WTT for the reasons set out below:

(a) Haiyi as part of the Concert Party Group

As mentioned above at paragraphs 2.5(a) and 3.3 of this Circular, (i) APL is wholly owned by Tang Dynasty Treasure; (ii) Haiyi is a controlling shareholder of the Company; and (iii) CT and GT are both directors of, and shareholders who collectively own 100.00% of the issued and paid-up share capital of, each of Haiyi and Tang Dynasty Treasure.

(b) RC and MTC as part of the Concert Party Group

As mentioned above at paragraphs 2.5(b)(i) and 2.5(b)(ii) of this Circular, (i) RC is an executive director of APL and the group chief executive officer of APL; and (ii) MTC is the brother of GT.

(c) LD and WTT as part of the Concert Party Group

As mentioned above at paragraph 2.5(b)(iii)(A) of this Circular, each of LD and WTT is a director of certain subsidiaries of Haiyi, which are collectively wholly owned by GT and CT, and/or certain entities controlled by CT and GT (other than through Haiyi).

As such, each of Haiyi, RC, MTC, LD and WTT is a person acting in concert with APL for the purposes of Rule 14.1(b) of the Code and is part of the Concert Party Group.

As at the Latest Practicable Date, the aggregate shareholding of the Concert Party Group in the Company is approximately 500,000,000 Shares representing approximately 44.30%[36] of the issued and paid-up share capital of the Company. Based on the Proposed Issuance, APL's resultant shareholding in the Company upon Completion and the completion of the Tang Restructuring will be up to 2,215,478,105[37] Shares, representing approximately 65.43%[38] of the enlarged share capital of the Company, and the aggregate shareholding of the Concert Party Group will be up to 2,757,197,258 Shares, representing approximately 81.43%[39] of the enlarged share capital of the Company upon Completion and the completion of the Tang Restructuring.

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36 Based on the Company's issued and paid-up share capital of 1,128,657,445 Shares as at the Latest Practicable Date and rounded to two (2) decimal places.

37 Based on the maximum number of Consideration Shares to be allotted and issued by the Company, assuming the Final Consideration is equal to the Initial Consideration.

38 Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

39 Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

In the circumstances described above, unless otherwise waived by the SIC, the Concert Party Group will be required under Rule 14.1 of the Code to make a mandatory general offer for the Shares not already owned or controlled by them.

6.2 Whitewash Waiver

An application was made to the SIC for a waiver of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code as a result of the increase in their shareholding in the Company pursuant to the Proposed Transaction and the Tang Restructuring, subject to the receipt of the Whitewash Resolution. The Whitewash Waiver and the Whitewash Resolution are conditions precedent to Completion.

The SIC, had on 19 November 2024, granted to the Concert Party Group, a waiver from the requirement under Rule 14.1 of the Code to make a mandatory general offer for the Company in the event the Concert Party Group incurs an obligation to do so as a result of the Proposed Transaction and the Tang Restructuring, subject to, *inter alia*, the following conditions:

(a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Consideration Shares to APL, a resolution by way of a poll to waive their rights to receive a general offer from APL and its concert parties;

(b) the Whitewash Resolution is separate from other resolutions;

(c) APL, its concert parties, and parties not independent of them abstain from voting on the Whitewash Resolution;

(d) APL and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):

    (i) during the period between the announcement of the Proposed Transaction and the Tang Restructuring and the date approval from the Independent Shareholders (Whitewash) is obtained for the Whitewash Resolution; and

    (ii) in the six (6) months prior to the announcement of the Proposed Transaction but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of APL in relation to such issue;

(e) the Company appoints an independent financial adviser to advise the Independent Shareholders (Whitewash) on the Whitewash Resolution;

(f) the Company sets out clearly in the Circular:

(i) details of the proposed issuance of the Consideration Shares to APL pursuant to the Proposed Transaction and Tang Restructuring;

(ii) the dilution effect to existing holders of voting rights of the Company upon the issuance of the Consideration Shares to APL;

(iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by APL and its concert parties as at the Latest Practicable Date;

(iv) the number and percentage of voting rights to be acquired by APL upon the issuance of the Consideration Shares to APL;

(v) specific and prominent reference to the fact that the Proposed Transaction and Tang Restructuring would result in APL and its concert parties holding Shares carrying over 49.00% of the voting rights of the Company and that APL and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and

(vi) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from APL at the highest price paid by APL and its concert parties for the Shares in the past six (6) months preceding the commencement of the offer;

(g) the Circular states that the waiver granted by the SIC to APL from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in paragraphs 6.2(a) to 6.2(f) of this Circular above;

(h) APL and the Company obtain the SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and

(i) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within three (3) months from 19 November 2024, and the acquisition of the Consideration Shares by APL must be completed within three (3) months of the approval of the Whitewash Resolution.

In respect of the condition listed under paragraph 6.2(i) of this Circular above, the SIC had, on 27 February 2025, granted an extension to the deadline for the approval of the Whitewash Resolution at the SGM to 19 April 2025.

As at the Latest Practicable Date, save for the conditions listed under paragraphs 6.2(a), 6.2(c), 6.2(d)(i) and 6.2(i), all the above conditions imposed by the SIC have been satisfied.

6.3 **Whitewash Resolution**

Independent Shareholders (Whitewash) are requested to vote by way of a poll on the Whitewash Resolution set out as Ordinary Resolution 3 in the Notice of SGM, waiving their rights to receive a general offer from the Concert Party Group.

Independent Shareholders (Whitewash) should take note that:

(a) approval of the proposed Whitewash Resolution is a condition precedent to the Proposed Transaction. If Independent Shareholders (Whitewash) do not vote in favour of the proposed Whitewash Resolution, the Proposed Transaction will not take place;

(b) by voting in favour of the proposed Whitewash Resolution, they will be waiving their right to receive a general offer from the Concert Party Group, which the Concert Party Group would otherwise be obliged to make at the highest price paid by them for Shares in the six (6) months preceding the commencement of the mandatory general offer in accordance with Rule 14.1(a) of the Code;

(c) as a result of the Proposed Transaction, APL's resultant shareholding in the Company upon Completion and the completion of the Tang Restructuring will be approximately 65.43%[40], and the aggregate shareholding of the Concert Party Group will be approximately 81.43%[41] upon Completion and the completion of the Tang Restructuring; and

(d) based on the above, pursuant to obtaining approval from the Independent Shareholders (Whitewash) for the proposed Whitewash Resolution, the allotment and issuance of the Consideration Shares to the Concert Party Group would result in the Concert Party Group holding Shares carrying more than 49.00% of the voting rights of the Company and the Concert Party Group will thereafter be free to acquire additional new Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

6.4 **Advice from the Independent Financial Adviser**

Stirling Coleman Capital Limited has been appointed as the independent financial adviser to advise the Independent Shareholders (Whitewash) in respect of, *inter alia*, the Whitewash Resolution. The IFA Letter, which sets out the IFA's advice in full, is reproduced in **Appendix A** to this Circular.

Based on the IFA's analysis as set out in the IFA Letter, and after having considered carefully the information available to the IFA, the IFA is of the view that the terms of the Proposed

40 Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

41 Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

Transaction, being the subject of the proposed Whitewash Resolution, are fair and reasonable and the Whitewash Resolution is not prejudicial to the interests of the Independent Shareholders (Whitewash). The IFA has therefore advised the Recommending Directors to recommend to the Independent Shareholders (Whitewash) to vote in favour of the proposed Whitewash Resolution.

Shareholders are advised to read the IFA Letter as set out in **Appendix A** to this Circular in full and carefully consider the recommendations from the Recommending Directors with respect to the proposed Whitewash Resolution set out in paragraph 21 of this Circular.

In this regard, Shareholders should note that there may not be any company listed that is directly comparable to the Target Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. Accordingly, it may be difficult to place reliance on the comparison of valuation statistics for the comparable companies selected by the IFA as the business of these selected companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Target Group may differ.

The IFA has compared the historical market Share price of the Company and Issue Price against the trailing NAV per Share of the Company over the three (3)-year period prior to the Acquisition Announcement Date and ending on the Latest Practicable Date. Shareholders should note that the computation therein is solely for illustration purposes as the NAV may not be fully realisable at its book value or revalued value, especially within a short time frame, and the market value of some of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such assets. It should also be noted that the NAV of the Group may deteriorate further if the Group incurs losses after 30 June 2024.

Further, Shareholders should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

6.5 **Potential Dilution**

For illustrative purposes only, the effect of the Proposed Transaction on the shareholding structure of the Company is as follows:

	Before the Proposed Transaction		After the Proposed Transaction	
Shareholder	**No. of issued Shares**	**%(1)(3)**	**No. of issued Shares**	**%(2)(3)**
Current Shareholders (excluding the Vendors and their associates)	628,657,445	55.70	628,657,445	18.57
Vendors and their associates	500,000,000	44.30	2,757,197,258(4)	81.43
Total	**1,128,657,445**	**100.00**	**3,385,854,703**	**100.00**

Notes:

(1) The percentages are calculated based on 1,128,657,445 issued Shares as at the Latest Practicable Date, and are rounded to two (2) decimal places.

(2) The percentages are calculated based on 3,385,854,703 Shares upon Completion, and are rounded to two (2) decimal places.

(3) In this table, any discrepancies between the listed figures and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this table may not be an arithmetic aggregation of the figures that precede them.

(4) Based on fractional entitlements being disregarded.

Based on the shareholding statistics available to the Company as at the Latest Practicable Date, post-Completion, the Company expects that approximately 19.90%[42] of the Shares would be considered as public shareholdings, which would satisfy the free float requirement stipulated under the Listing Manual.

7. THE PROPOSED TRANSACTION AS AN INTERESTED PERSON TRANSACTION

7.1 Interested Person Transaction under Chapter 9 of the Listing Manual

(a) APL as an Interested Person

CT is a Director and the non-executive chairman of the Company. Further, CT and GT are controlling shareholders of the Company as they are deemed interested in the Haiyi Shares, which represent approximately 44.30%[43] of the total number of Shares as at the Latest Practicable Date.

[42] Based on 673,800,708 Shares held in the hands of the public, after excluding the Shares held and/or to be held by APL, RC and MTC.

[43] Based on the Company's issued and paid-up share capital of 1,128,657,445 Shares as at the Latest Practicable Date and rounded to two (2) decimal places.

CT and GT collectively hold 100.00% of the issued and paid-up share capital of Tang Dynasty Treasure, which in turn holds 100.00% of the total number of issued shares of APL. CT is also the non-executive chairman and non-executive director of APL.

Accordingly, APL is an associate of CT and GT and is regarded as an "interested person" within the meaning of Chapter 9 of the Listing Manual.

(b) MTC as an Interested Person

GT is a controlling shareholder of the Company as he is deemed interested in the Haiyi Shares, which represent approximately 44.30%[12] of the total number of Shares as at the Latest Practicable Date. MTC is the brother of GT.

Accordingly, MTC is an associate of GT and is regarded as an "interested person" within the meaning of Chapter 9 of the Listing Manual.

The Proposed Transaction therefore constitutes an "interested person transaction" under Chapter 9 of the Listing Manual. As the consideration for the Proposed Transaction, being up to S$118,548,000, represents approximately 200.00% of the Group's latest audited NTA, being approximately S$59.27 million, this value exceeds 5.00% of the Group's latest audited NTA and the Proposed Transaction requires the approval of the Shareholders.

Pursuant to Rule 919 of the Listing Manual, CT, GT, APL, MTC, and each of their associates are to abstain from voting (either in person or by proxy) in respect of the resolutions relating to the Proposed Transaction at the SGM to be convened.

7.2 **Total Value of All Interested Person Transactions**

As at the Latest Practicable Date:

(a) the total value of all the interested person transactions entered into with CT, GT, APL, MTC and each of their associates during the course of the current financial year, excluding transactions which are less than S$100,000 and including the Proposed Transaction, is approximately S$119,949,000; and

(b) the total value of all interested person transactions entered into for the current financial year, excluding transactions which are less than S$100,000 and including the Proposed Transaction, is approximately S$119,949,000.

7.3 **Advice from the Independent Financial Adviser**

Pursuant to Chapter 9 of the Listing Manual, the Company has appointed Stirling Coleman Capital Limited as the IFA for the Proposed Transaction to provide its opinion on whether the Proposed Transaction as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

Having taken into consideration the factors set out in the IFA Letter, the IFA is of the opinion that the Proposed Transaction as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

Please refer to the advice of the IFA set out in the IFA Letter to the Recommending Directors, a copy of which has been reproduced as **Appendix A** to this Circular. Shareholders are advised to read **Appendix A** carefully.

In this regard, Shareholders should note that there may not be any company listed that is directly comparable to the Target Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. Accordingly, it may be difficult to place reliance on the comparison of valuation statistics for the comparable companies selected by the IFA as the business of these selected companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Target Group may differ.

The IFA has compared the historical market Share price of the Company and Issue Price against the trailing NAV per Share of the Company over the three (3)-year period prior to the Acquisition Announcement Date and ending on the Latest Practicable Date. Shareholders should note that the computation therein is solely for illustration purposes as the NAV may not be fully realisable at its book value or revalued value, especially within a short time frame, and the market value of some of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such assets. It should also be noted that the NAV of the Group may deteriorate further if the Group incurs losses after 30 June 2024.

Further, Shareholders should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

8. INTERESTED PERSON TRANSACTIONS AFTER COMPLETION

8.1 It is envisaged that with effect from the Completion Date, the existing arrangements below will be considered interested person transaction(s) of the Enlarged Group:

(a) Leasing of Office Units from SingHaiyi Property Investment Pte. Ltd. by OKH Holdings Pte. Ltd.

OKH Holdings Pte. Ltd., a wholly-owned subsidiary of the Company, entered into a tenancy agreement with SingHaiyi Property Investment Pte. Ltd. (formerly known as CEL Property Investment Pte. Ltd.), a wholly-owned subsidiary of APL, on 13 January 2023 for two (2) office units located at 171 Chin Swee Road #02-01 and #02-14 CES

Centre Singapore 169877, comprising an aggregate area of 253 square metres (approximately 2,723.29 square feet) for a term of two (2) years commencing on 1 March 2023 and expiring on 28 February 2025 ("**Term**"), at an aggregate sum of S$14,433.44 per month, with a one (1) month fitting out period commencing 1 February 2023 ("**Tenancy Agreement**"). Please refer to the announcement dated 13 January 2023 issued by the Company for more information.

Further to the above, OKH Holdings Pte. Ltd. and SingHaiyi Property Investment Pte. Ltd. have agreed to extend the Term for one (1) year commencing on 1 March 2025 and expiring on 28 February 2026 on substantially the same terms and at the same rental rate as the Tenancy Agreement.

The total value of the interested person transactions the Group has entered into with SingHaiyi Property Investment Pte. Ltd. for FY2025 as at the Latest Practicable Date is approximately S$115,000. Given that the Term is not more than three (3) years and the terms of the Tenancy Agreement are supported by an independent valuation by the independent valuer, SRE Global Pte. Ltd., such transaction falls within the exemption pursuant to Rule 916(1) of the Listing Manual and Shareholder approval is not required for such interested person transaction.

(b) Management Services Provided by the APL Group to the Target Group

The APL Group provides property management and in-house legal services to the Target Group. As at the Latest Practicable Date, the aggregate amount paid by the Target Group to the APL Group was S$66,000. The amount paid by the Target Group was on normal commercial terms and was conducted on an arm's length basis.

Following Completion, to streamline processes within the Enlarged Group, the APL Group will enter into a new management services agreement to provide management services (on a required basis) to the Enlarged Group as a whole. This new management services agreement will be entered into in accordance with the guidelines described in paragraph 8.2 of this Circular and Chapter 9 of the Listing Manual. The basis for the fees to be charged to the Enlarged Group will also be in line with the fees charged by the APL Group to its other subsidiaries who utilise similar services. Such fees are not expected to exceed 3.00% of the Enlarged Group's unaudited pro forma consolidated net tangible assets for the financial year ended 30 June 2024.

The Target Group also relies on the APL Group with respect to the provision of guarantees for its bank facilities and the procurement of certain expenses (including insurance, motor vehicle and IT-related expenses) under the APL Group's master vendor accounts. It is intended that the Target Group will novate such master vendor accounts in subsequent renewals, negotiate with its banks to novate the guarantor of its bank facilities to the Enlarged Group, and create such functions in-house to minimise the need to tap on the APL Group for the provision of these master vendor accounts and guarantees following Completion.

(c) Early Contractor's Involvement Deed between CEL Darwin Hotel Pty Ltd and GRC Buxton

On 18 November 2024, GRC Buxton, an indirect subsidiary of the Target, and Sunbuild Pty Ltd entered into an early contractor's involvement deed with CEL Darwin Hotel Pty Ltd, an indirect subsidiary of APL and an associate of GT and CT, to provide certain pre-construction consultation services to CEL Darwin Hotel Pty Ltd in relation to the development of a hotel to be located at Lot 7637 Town of Darwin, 10 Stokes Hill Road, Darwin, Northern Territory, Australia. In consideration of the services provided thereunder, CEL Darwin Hotel Pty Ltd agreed to pay GRC Buxton and Sunbuild Pty Ltd up to AUD254,000. As at the Latest Practicable Date, no amount has been paid by CEL Darwin Hotel Pty Ltd to GRC Buxton and Sunbuild Pty Ltd in respect of this agreement.

The early contractor's involvement deed was entered into on normal commercial terms and was conducted on an arm's length basis, and following Completion, the Target Group intends to continue with the agreement detailed above.

(d) Loan Extended by Haiyi to the Company

As at the Latest Practicable Date, the Company has a shareholder loan due to Haiyi with an outstanding principal amount of S$1,300,000 and accrued interest of approximately S$644,000. The loan bears interest of 4.80% per annum and is due for repayment in July 2025. Based on the interest paid on such loan, the total value of the interested person transactions that the Group has entered into with Haiyi for FY2025 as at the Latest Practicable Date is S$52,000. Rule 906(2) of the Listing Manual provides that any interested person transaction of a value below S$100,000 would not require Shareholder approval. Accordingly, such transaction falls within the exemption, and Shareholder approval is not required for such transaction.

8.2 **Guidelines and Review Procedures for Future Interested Person Transactions**

Following Completion, all interested person transactions (regardless of value) are to be reviewed and approved by the ARC to ensure that all interested person transactions are to be carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Approval for all interested person transactions will be required from at least a majority of the members of the ARC. In the event that any member of the ARC is interested in an interested person transaction, he will recuse himself from deliberating, reviewing and/or participating in any decision-making process (including abstaining from voting) on that particular transaction.

In making its assessment, the ARC will take into account, amongst others, the rationale for entering into the interested person transaction, the benefit to the Enlarged Group, and where applicable, the competitiveness of the pricing and quality.

The ARC will also ensure that the prevailing rules of the Listing Manual applicable to interested person transactions (in particular the requirements on the making of announcements and seeking of Shareholders' approval under Chapter 9 of the Listing Manual) will be complied with. Any announcement relating to interested person transactions must also be reviewed and approved by the ARC prior to its release.

The Chief Financial Officer of the Enlarged Group shall maintain a register to record all ongoing interested person transactions entered into by the Enlarged Group.

9. THE PROPOSED CHANGE OF AUDITOR OF THE COMPANY

9.1 Background

BDO has been the Auditor since the financial year ended 30 June 2022 and was reappointed as Auditor at the last AGM held on 25 October 2024 to hold office until the conclusion of the next AGM of the Company. The BDO audit partner-in-charge is Mr. Stephen Leong Wenjie, who is a member of the Institute of Singapore Chartered Accountants. The Company has, to date, no concerns with BDO regarding the discharge of their audit responsibilities. The Company proposes to seek Shareholders' approval for Ernst & Young LLP ("**EY**") to be appointed as the new Auditor, in place of BDO, upon Completion.

9.2 Rationale for Change of Auditor

EY has been the auditor to the Target Group since 2016, and is very familiar with the procedures, business activities and audit requirements of the Target Group. As the Target Group is larger, more diversified and more complex compared to the Group, the Target Group has proposed that the appointment of the auditor of the Target Group as the auditor of the Enlarged Group would be more practicable than the continued appointment of the auditor of the Group as the auditor of the Enlarged Group.

In evaluating the suitability of EY for appointment as Auditor, the Audit Committee considered:

(a) the adequacy of EY's resources to undertake ongoing audits of the Company, including the number, composition and experience of the audit team of EY to be assigned to the audit of the Enlarged Group. Please see paragraph 9.3 of this Circular for further information on EY;

(b) the size, businesses and complexity of the Enlarged Group;

(c) the experience and track record of the incoming audit partner-in-charge, Mr. Low Bek Teng, including Mr. Low's over 30 years in practice, and his various prior experience in auditing issuers in a similar industry as the Enlarged Group that are also listed on the SGX-ST. Please see paragraph 9.3 of this Circular for further information on Mr. Low; and

(d) the Audit Quality Indicators ("**AQIs**") Disclosure Framework issued by ACRA. The AQIs presented by EY to the Audit Committee included information relating to EY on factors such as the years of audit experience and industry specialisation of EY and the incoming audit partner-in-charge, training hours, results of inspections (including both internal and external inspections), quality control across functions, staff oversight and attrition rate. In evaluating the AQIs, the Audit Committee was satisfied that the AQIs for EY were generally within the ranges satisfactory to the Audit Committee, when compared with the industry averages and ranges.

Pursuant to Rule 712(3) of the Listing Manual, the appointment of EY as Auditor in place of BDO must be specifically approved by Shareholders in a general meeting. The appointment of EY upon Completion will therefore be subject to the approval of the Shareholders at the SGM and, if appointed, EY will hold office until the conclusion of the next AGM.

In this regard and at the request of the Company, BDO has on 17 January 2025 given notice of its resignation as the Auditor effective upon Completion. In addition, EY has also given its written consent to act as the Auditor effective upon Completion, subject to the approval of Shareholders at the SGM.

The Directors wish to take this opportunity to express their appreciation for the past services rendered by BDO.

9.3 Information on EY, the Audit Partner-in-Charge and the Engagement Quality Reviewer

The information on EY and the audit engagement below was provided by EY and their representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

Information on EY

EY, registered with ACRA, is one of the largest professional service firms in Singapore, and is among the "Big Four" accounting firms in Singapore. EY provides audit, tax and professional services to the Singapore and global markets and employs more than 300,000 people globally. EY has relevant industry experience with audit clients in the business sectors in which the Enlarged Group operates.

EY has not yet been subject to any Quality Control Review Process pursuant to Part 5A of the Accountants Act 2004 of Singapore which came into operation on 1 July 2023. EY has also not been subject to any current or past restrictions, disciplinary actions and/or conditions imposed by any regulatory authority or professional body.

More information about EY, its values and its services can be found on EY's website at http://www.ey.com.

For the audit on the Enlarged Group, the audit engagement team will comprise at least one (1) audit partner, one (1) quality reviewer and one (1) audit senior manager.

Information on the Audit Partner-in-Charge

Mr. Low Bek Teng, a partner with EY, will be assigned to the audit of the Enlarged Group as the lead engagement partner. Mr. Low is a member of the Institute of Singapore Chartered Accountants (ISCA) and has over 30 years' experience in providing audit and assurance services to a variety of clients, including issuers listed on the SGX-ST.

Mr. Low has not been subject to any current or past restrictions, disciplinary actions and/or conditions imposed by any regulatory authority or professional body in Singapore or elsewhere.

The Audit Committee has also enquired whether Mr. Low has been subject to the Practice Monitoring Programme review by ACRA. In this regard, the Audit Committee has noted that Mr. Low passed the review in 2014.

Mr. Low has been engaged: (a) from financial year ended 31 December 2022 till date to audit First Sponsor Group Limited, which is listed on the Mainboard of the SGX-ST; (b) from financial year 31 December 2020 till date to audit APL (formerly known as Chip Eng Seng Corporation Ltd.), which had been listed on the Mainboard of the SGX-ST but was delisted on 11 April 2023; (c) from financial year ended 31 May 2023 till date to audit Lian Beng Group Ltd, which had been listed on the Mainboard of the SGX-ST but was delisted on 28 August 2023; and (d) from financial year ended 31 December 2020 till date to audit Kwan Yong Holdings Limited, which is listed on the Mainboard of the Stock Exchange of Hong Kong Limited, each of which is in a similar industry as the Enlarged Group. His role and responsibilities for such engagements include overseeing the audit process, ensuring compliance with auditing and accounting standards as well as regulatory requirements, assessing risks, supervising the audit team, maintaining quality control, communicating with governance, reviewing and approving audit reports, and managing client relationships.

Information on the Engagement Quality Reviewer

Mr. Alvin Phua Chun Yen is a member of the Institute of Singapore Chartered Accountants (ISCA) and has over 30 years of audit experience in Singapore with international accounting firms and has extensive experience in the audit of local, multinational companies and listed companies in diverse industries including issuers listed on the SGX-ST.

The Audit Committee has also enquired whether Mr. Phua has been subject to the Practice Monitoring Programme review by ACRA. In this regard, the Audit Committee has noted that Mr. Phua passed the review in 2017.

9.4 **Requirements under Rule 715 and 716 of the Listing Manual**

Rule 715(1) of the Listing Manual provides that, subject to Rule 716 of the Listing Manual, an issuer must engage the same auditing firm based in Singapore to audit its accounts, and its Singapore-incorporated subsidiaries and significant associated companies.

Subject to and following Completion, EY will remain or be appointed as the auditor of all Singapore-incorporated subsidiaries and significant associated companies of the Enlarged Group, save that there will be no change to the auditors of the following subsidiaries and associated companies, and EY will not be the auditors for the following subsidiaries and associated companies:

(a) OKH Development Pte. Ltd., a wholly-owned subsidiary of the Group and OKH DLRE JV Pte. Ltd., a joint venture of the Group (collectively, the "**OKH Entities**"), due to the ongoing exercise undertaken by Chua and Lee Associates LLP, being the existing auditors of the OKH Entities, to finalise the outstanding accounts of the OKH Entities. As at the Latest Practicable Date, the OKH Entities are dormant entities and are not significant to the Group. Based on the information provided by management, the OKH Entities are not assessed to be significant components by BDO in the audit of the Group; and

(b) (i) Sanitus, a subsidiary of the Target Group, audited by Assured Alliance & Co.; and (ii) PT CES Salcon International, a wholly-owned subsidiary of the Target Group, audited by Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan, as each of these Target Group Companies are not considered significant to the Target Group and the Enlarged Group for accounting purposes. These Target Group Companies are considered immaterial by EY in the audit of the Target Group.

Taking into account the above, the Board and the Audit Committee confirm that, in accordance with Rule 715 read with Rule 716 of the Listing Manual, the aforementioned audit arrangements will not compromise the standard or effectiveness of the audit of the Enlarged Group.

Rule 715(2) of the Listing Manual further requires an issuer to engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies. As at the Latest Practicable Date, the Company has no foreign-incorporated subsidiaries or associated companies. Subject to and following Completion, the Company confirms that Ernst & Young PLT will remain as the auditor of CES-Precast Sdn. Bhd., a significant subsidiary incorporated in Malaysia. The Audit Committee will review the suitability of the auditors for its foreign-incorporated subsidiaries and associated companies on an ongoing basis and whenever necessary.

In view of the above, the Directors confirm that Rule 715 of the Listing Manual will be complied with.

9.5 Requirements under Rule 1203(5) of the Listing Manual

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

(a) the outgoing Auditor, BDO, has confirmed by way of a letter dated 17 January 2025 that it is not aware of any professional reasons why the new auditor, EY, should not accept appointment as Auditor;

(b) the Company confirms that there were no disagreements with the outgoing Auditor, BDO, on accounting treatments within the last 12 months from the Latest Practicable Date;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditor that should be brought to the attention of the Shareholders which has not been disclosed in this Circular;

(d) the specific reasons for the Proposed Change of Auditor are set out in paragraphs 9.1 and 9.2 of this Circular; and

(e) the Company confirms that it is in compliance with Rules 712, 715 and 716 of the Listing Manual in relation to the Proposed Change of Auditor.

9.6 **Requirements under the Bermuda Companies Act**

Under Section 89(3) of the Bermuda Companies Act, a person, other than an incumbent auditor, shall not be capable of being appointed auditor at a general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than 21 days before the general meeting, and the company shall send a copy of any such notice to the incumbent auditor, and shall give notice thereof to the members of the company, either by advertisement in an appointed newspaper or in any other mode provided by the bye-laws of the company, not less than seven (7) days before the general meeting, unless the incumbent auditor by notice in writing to the secretary of the company waives the requirements of Section 89(3) of the Bermuda Companies Act which shall then not have effect.

Under Section 89(5A) of the Bermuda Companies Act, an auditor who has resigned, been removed, or whose term of office has expired or is about to expire, or who has vacated office, shall be entitled (a) to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; (b) to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and (c) to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

BDO has, by a written notice dated 17 January 2025 to the secretary of the Company, waived the requirements of Section 89(3) of the Bermuda Companies Act with respect to its replacement as Auditor.

In addition, under Section 89(3A) of the Bermuda Companies Act, no person shall accept appointment or consent to be appointed as auditor of a Bermuda company if he is replacing an auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office, until he has requested and received from that auditor a written statement of the circumstances and the reasons why, in that auditor's opinion, he is to be replaced. Section 89(3B) of the Bermuda Companies Act provides that notwithstanding Section 89(3A) of the Bermuda Companies Act, a person may accept appointment or consent to be appointed as auditor of a Bermuda company if, within 15 days after making the request referred to in Section 89(3A), he does not receive a written statement as requested. Section 89(12) of the Bermuda Companies Act states that an appointment as auditor of a person who has not requested a written statement from the former auditor under Section 89(3A) of the Bermuda Companies Act is voidable by a resolution of the shareholders at a general meeting.

EY has confirmed to the Company in writing that they have requested and received from BDO a written statement pursuant to and in accordance with Section 89(3A) of the Bermuda Companies Act (the "**BDO Section 89(3A) Statement**").

9.7 **Opinion of the Audit Committee and Board**

The Audit Committee and the Board (taking into account the Audit Committee's recommendation), are satisfied after taking into consideration the suitability of EY in accordance with the factors set out in paragraphs 9.1 and 9.2 of this Circular, that EY will meet the audit requirements of the Enlarged Group, and recommends that the Proposed Change of Auditor (subject to and upon Completion taking place) be put forth to Shareholders for consideration.

10. PROPOSED CHANGE OF COMPANY NAME

10.1 **Rationale for the Change of Name**

In connection with the Proposed Acquisition, the Company is seeking the approval of Shareholders to the Proposed Change of Name, as the Proposed Change of Name heralds a new chapter for the Enlarged Group after Completion as a group of real estate and construction companies.

10.2 **Effect of the Change of Name**

The Proposed Change of Name will not affect the legal status of the Company or any of the rights of the Shareholders, and the existing issued Shares will continue to be traded on the SGX-ST. Shareholders should note that notwithstanding the change of the Company's name, the Company will not recall any existing share certificates bearing the current name of the Company, which will continue to be *prima facie* evidence of legal title to the Shares. No further action is required on the part of the Shareholders.

10.3 **Approvals Required**

The Company has made an application to the Registrar of Companies in Bermuda (the "**Bermuda Registrar**") to reserve the proposed name "GRC Limited". The reservation of the name "GRC Limited" with the Bermuda Registrar is valid until 3 June 2025. Such reservation will be extended further by the Company upon its expiry, where necessary.

For the purposes of Rule 207 of the Listing Manual, the proposed name "GRC Limited" does not contain words that tend to confuse or are misleading.

The Proposed Change of Name is subject to the following conditions:

(a) the passing of a special resolution by the Shareholders at the SGM to approve the Proposed Change of Name. The said resolution must be approved by a majority of not less than three-fourths of the votes cast by Shareholders, being entitled to vote, voting in person or by their authorised representatives or by proxy at the SGM;

(b) the Bermuda Registrar approving the proposed name and entering the new name of the Company in place of its existing name on the register of companies maintained by the Bermuda Registrar; and

(c) the passing of the Key Resolutions and Completion taking place.

Subject to the satisfaction of the conditions set out above, the Proposed Change of Name will take effect from the date of entry of the new name of the Company in place of the existing name on the register of companies maintained by the Bermuda Registrar, and the Bermuda Registrar will issue a certificate of change of name of the Company. The Company will carry out the necessary filing(s) for the Proposed Change of Name with the Bermuda Registrar, the SGX-ST, and any other relevant authority after Completion.

The Company will make an announcement on the SGX-ST's website when the Proposed Change of Name takes effect.

11. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The financial effects of the Proposed Transaction on the Group as set out in this paragraph 11 are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after Completion. The financial effects of the Proposed Transaction have been prepared based on the Group's latest audited consolidated financial statements for the financial year ended 30 June 2024, the Target Group's unaudited condensed interim consolidated financial information for the six (6) months ended 30 June 2024 and for the six (6) months ended 30 June 2023 and the Target Group's audited consolidated financial information for financial year ended 31 December 2023 and the following assumptions:

(a) the Proposed Transaction is accounted for as a business combination involving entities under common control with the following assumptions:

   (i) no adjustments are made to reflect the fair values on the date of combination, or recognise any new assets and liabilities;

   (ii) no goodwill is recognised as a result of the combination;

   (iii) any difference between the consideration paid/transferred and the equity "acquired" is reflected within the equity as merger reserve; and

(iv) the consolidated statement of comprehensive income reflects the full year results of the combining entities; and

(b) adjustments were made to eliminate the lease from OKH (Woodlands) Pte. Ltd. to the Target Group, to reflect the acquisition of the Target Group and on the accrual of the estimated professional expenses relating to the Proposed Transaction.

Shareholders are advised to read the assumptions made in relation to the preparation of the pro forma financial effects carefully.

11.1 **Net Tangible Assets ("NTA")**

Assuming that the Proposed Transaction was completed on 30 June 2024, the pro forma financial effect of the Proposed Transaction on the NTA of the Group for FY2024 is as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S$'000)	59,274	124,258
Applicable number of issued Shares ('000)	1,128,657	3,385,855
NTA per Share (Singapore cents)	5.25	3.67

11.2 **Earnings per Share ("EPS")**

Assuming that the Proposed Transaction was completed on 1 July 2023, the pro forma financial effect of the Proposed Transaction on the EPS of the Group for FY2024 is as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Profit / (Loss) attributable to Shareholders (S$'000)	3,620	(11,755)
Applicable number of issued Shares ('000)	1,128,657	3,385,855
EPS (Singapore cents)	0.32	(0.35)

12. INFORMATION ON THE ENLARGED GROUP

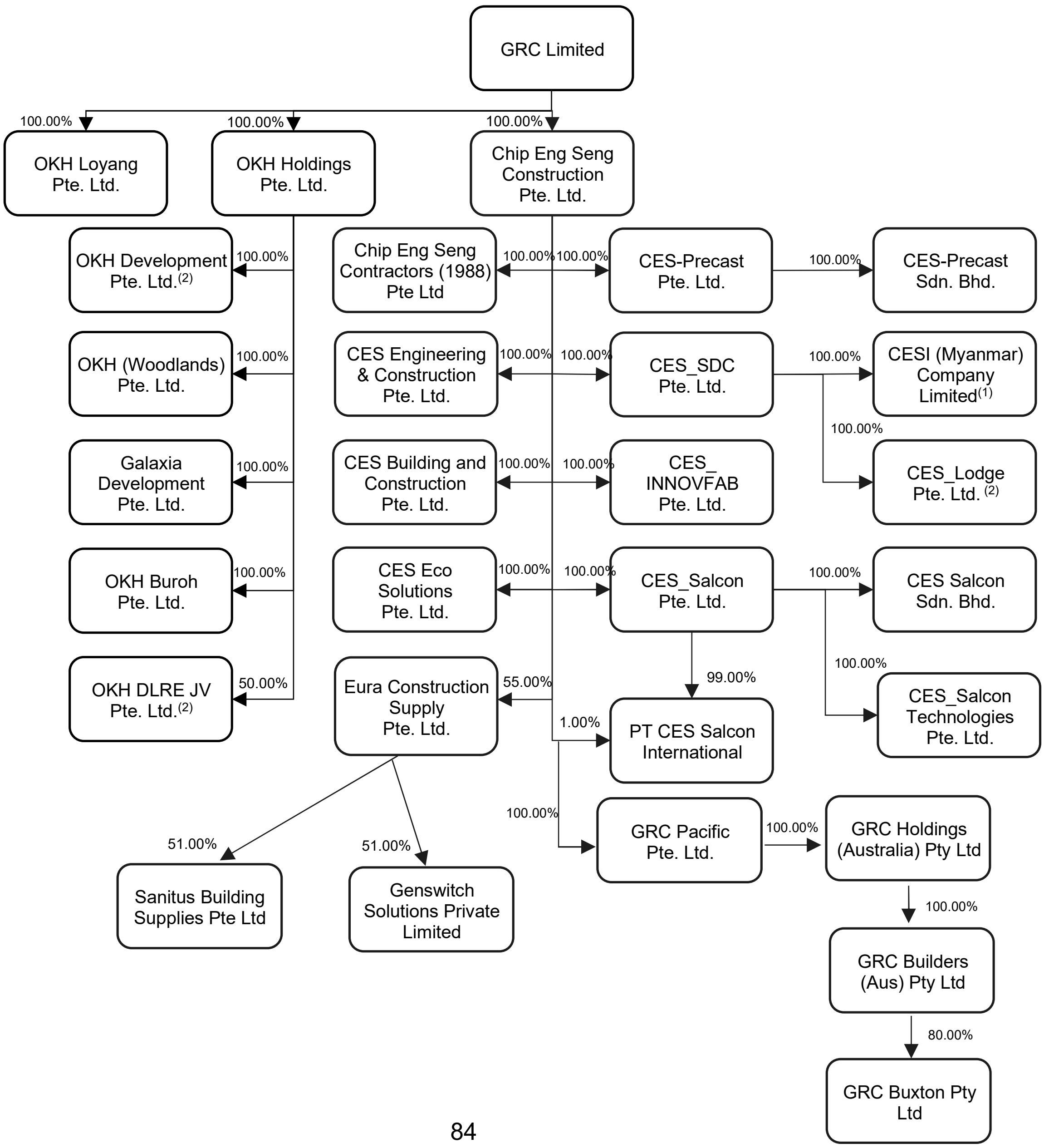
12.1 **Principal Business of the Enlarged Group**

The Company is an integrated property developer with a strategic focus on logistics and industrial properties. The Target Group's core businesses primarily focus on (a) construction of public and private housing, industrial and commercial projects; (b) construction of civil, industrial and utilities infrastructure projects; (c) design, engineering, supply and commissioning of water and wastewater treatment; (d) provision of prefabrication solutions; and (e) procurement of construction-related supplies and materials.

Following Completion, the Enlarged Group will emerge as one of the significant players in the building and construction industry.

12.2 Group Structure of the Enlarged Group

Following Completion, the Target Group will be wholly owned by the Company, and the name of the Company will also be changed to "GRC Limited". The Enlarged Group structure will be as set out below:



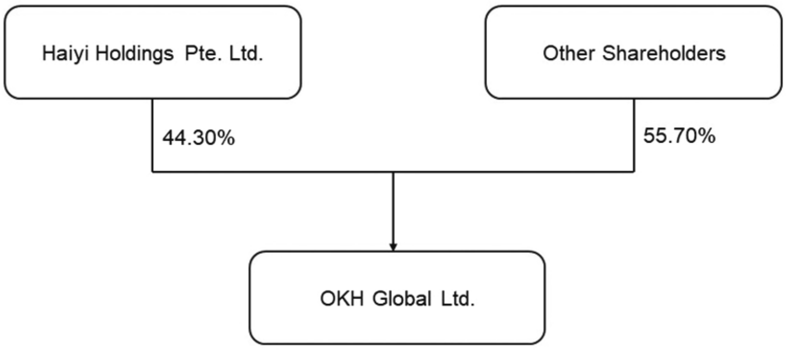
Notes:

(1) Under liquidation
(2) Dormant

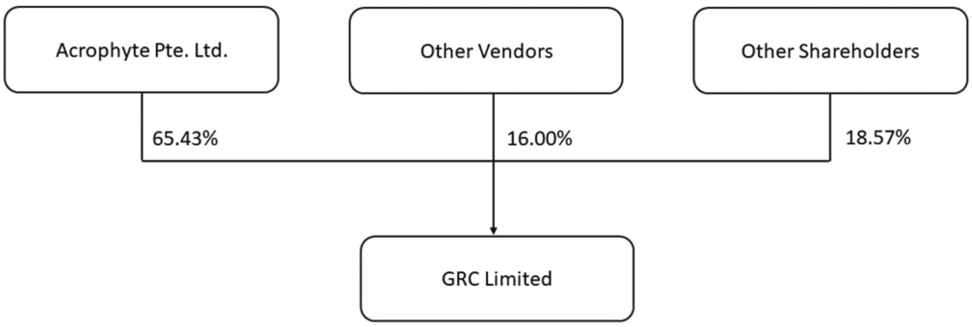
12.3 Shareholding Structure

Diagrammatic representations of the shareholding structures of the Company (a) as at the Latest Practicable Date; and (b) following Completion and the completion of the Tang Restructuring are set out below:

(i) as at the Latest Practicable Date[44]:



(ii) following Completion and the completion of the Tang Restructuring[45]:

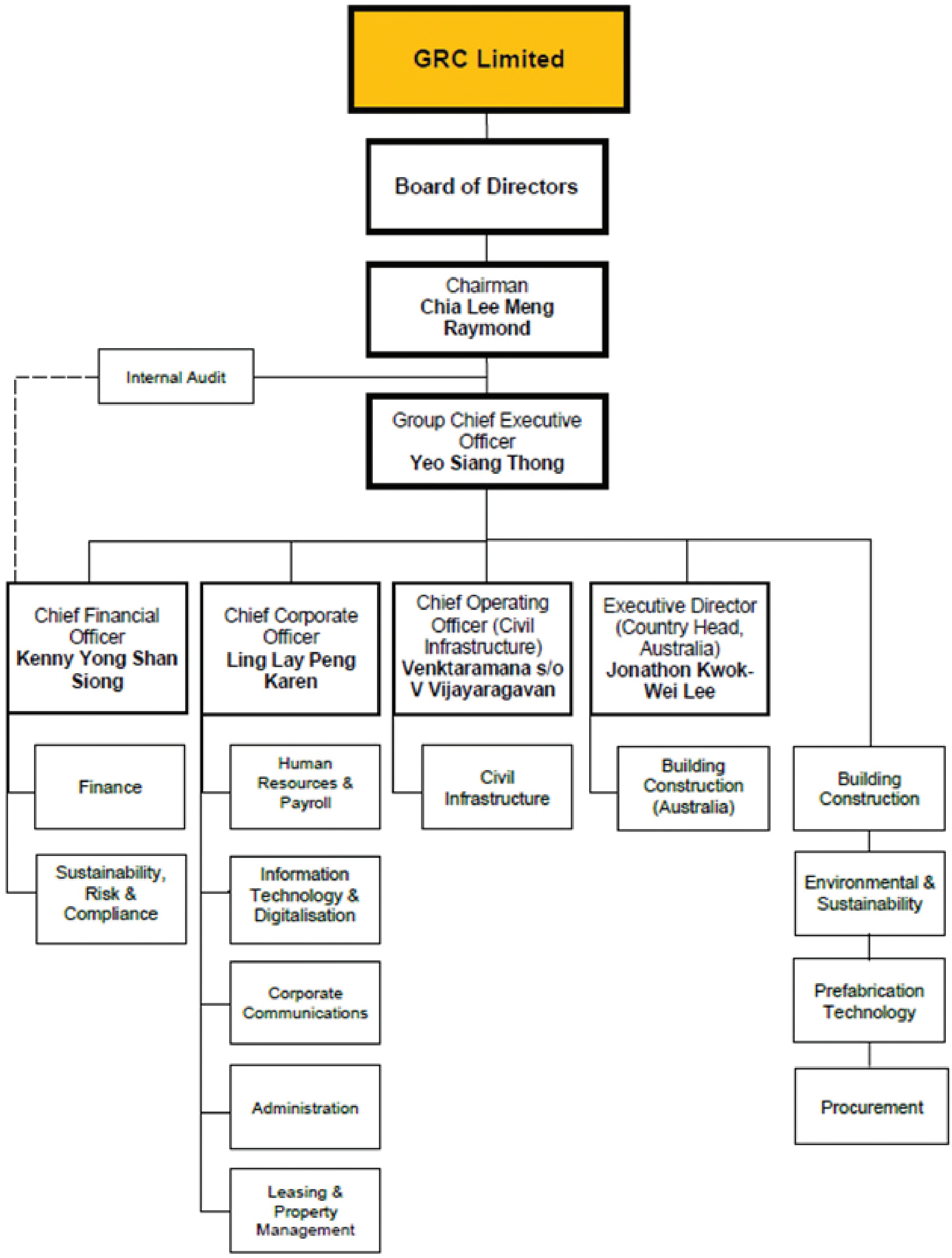


[44] Based on the Company's issued and paid-up share capital of 1,128,657,445 Shares as at the Latest Practicable Date and rounded to two (2) decimal places.

[45] Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

12.4 **Management Structure of the Enlarged Group**

Following Completion, the management reporting structure of the Enlarged Group will be as follows:



12.5 **Proposed Directors of the Enlarged Group**

The following tables set forth information relating to the new board of directors of the Company upon Completion ("**New Board**").

Name	Chia Lee Meng Raymond
Age	59
Address	c/o 12 Tai Seng Link #08-01 Singapore 534233
Designation in Enlarged Group	Non-Executive and Non-Independent Chairman
Role in Board Committees of the Enlarged Group	Member of Remuneration Committee, Member of Nominating Committee
Biography	RC is currently the Director and Group Chief Executive Officer of both APL (formerly known as Chip Eng Seng Corporation Ltd.) (together with its subsidiaries, the "**Acrophyte Group**"), an appointment which he has held since February 2016, and SingHaiyi Group Pte. Ltd. (together with its subsidiaries, the "**SingHaiyi Group**"), an appointment which he has held since April 2023. Mr. Chia holds directorships in various entities both within the Acrophyte Group (including in the Target) and the SingHaiyi Group. He is responsible for the overall operations, strategic planning and investment decisions of the Acrophyte Group and the SingHaiyi Group. Starting out as a project manager in the Acrophyte Group back in 1994, RC rose through the ranks and was appointed Director of APL in 1999, the year APL was listed on the Mainboard of the SGX-ST. He served as Managing Director of the property development division in July 2006, before being appointed as Group Chief Executive Officer in June 2007 and Executive Deputy Chairman in January 2013. On 5 May 2016, he was appointed as Executive Chairman of APL. With effect from 11 October 2018, he was re-designated from Executive Chairman and Group Chief Executive Officer to Executive Director and Group Chief Executive Officer. RC is currently President of The Singapore Scout Association and a board member of Ren Ci Hospital. He is also a patron of the Nee Soon South Citizens' Consultative Committee and Joo Chiat Community Club Management Committee.

	RC also previously served in various executive committees, such as the School Advisory Committee (SAC) of Raffles Girls' Primary School (2003 to 2018), Educare Co-operative Limited (2004 to 2008), Chairman of Seacare Properties Pte Ltd (2003 to 2019) and Director of Seacare Holdings Private Limited (2006 to 2019); both companies being subsidiaries of Seacare Co-operative Ltd. RC was awarded The Public Service Star BBM in 2022 for public service rendered to the nation. He holds a Bachelor's degree in Economics and Finance from Curtin University, Australia and a Master's degree in Finance from RMIT University, Australia.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Not applicable

Name	Michael Tong Chiew
Age	56
Address	c/o 9 Temasek Boulevard, #35-02 Suntec Tower Two, Singapore 038989
Designation in Enlarged Group	Non-Executive and Non-Independent Director
Role in Board Committees of the Enlarged Group	Not applicable
Biography	MTC is an entrepreneur and businessman. He serves as the Executive Director of Singapore-incorporated Huijin Holding Pte. Ltd., a company he holds a controlling stake in. He also founded and owns Zhengzhou Xinchang Automotive Parts Co., Ltd., a manufacturer of automotive parts, through Huijin Holding Pte. Ltd..

	As an entrepreneur, MTC provides vision and leadership, and is responsible for all key decisions, including fundraising, hiring of senior management team members, client sourcing, policy setting, governance, organisational excellence, and risk management for businesses that he owns. MTC is also an active investor. He had seeded, capitalised and helped grow a number of exceptional enterprises. The investee companies have benefitted tremendously from MTC's rich operational and investment experience, keen business acumen, as well as vast network and influence in Singapore, China and Hong Kong. MTC had served as the Patron of the Taman Jurong Community Club, and received the "Mr Tharman Award" given by Mr. Tharman Shanmugaratnam, who was then a Member of Parliament for Jurong Group Representation Constituency. MTC was enrolled in the MBA program at the Singapore Institute of Management from 2004 to 2005.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	MTC is the brother of GT, who is a Substantial Shareholder of the Company.

Name	Tang Jialin
Age	29
Address	c/o 9 Temasek Boulevard, #35-02 Suntec Tower Two, Singapore 038989
Designation in Enlarged Group	Non-Executive and Non-Independent Director
Role in Board Committees of the Enlarged Group	Not applicable

Biography	Mr. Tang Jialin is currently employed by SingHaiyi Group Pte. Ltd. and APL, holding the job title "Executive Director" and overseeing investment decisions and real estate development. Mr. Tang previously held roles in business development, partnerships management, big data consulting, and software engineering with global technology companies from 2018 to 2023. Mr. Tang holds a Bachelor of Commerce in a combined major program in Business Management and Computer Science from the University of British Columbia, Canada.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Mr. Tang Jialin is the son of GT and CT, who are both Substantial Shareholders of the Company.

Name	Abdul Jabbar Bin Karam Din
Age	56
Address	c/o 9 Straits View #06-07, Marina One West Tower Singapore 018937
Designation in Enlarged Group	Lead Independent Director
Role in Board Committees of the Enlarged Group	Chairman of Remuneration Committee, Member of Nominating Committee
Biography	Mr. Abdul Jabbar Bin Karam Din is currently an Executive Committee Partner and Head of Corporate and Transactional Practice with Rajah & Tann Singapore LLP. He has more than 30 years of extensive experience in mergers and acquisitions, joint ventures, employment, banking and finance, general commercial and private client work, both local and international.

	Mr. Jabbar also advises companies on corporate governance, compliance and regulatory matters. He serves as company secretary on the boards of numerous private and public listed and unlisted companies as well as registered foreign companies with Singapore branches. Mr. Jabbar graduated from NUS with a Bachelor of Laws (Honours) degree.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Not applicable

Name	Low Teck Seng
Age	70
Address	c/o 12 Tai Seng Link #08-01 Singapore 534233
Designation in Enlarged Group	Independent Director
Role in Board Committees of the Enlarged Group	Member of Remuneration Committee, Member of ARC
Biography	Prof. Low Teck Seng is currently serving as a professor at NUS. He also serves as an independent director of PC Partner Group Limited. He was the Chief Executive Officer of the National Research Foundation, Singapore and Managing Director of A*STAR. He also served as an Independent Director with ExcelPoint Technology Pte. Ltd. and APL. Prof. Low holds a Bachelor of Science (Electrical and Electronic Engineering) (First Class Honours) and a PhD from the University of

	Southampton, UK. He is a Fellow of the Singapore Academy of Engineers; Fellow of the Institute of Electrical and Electronics Engineers and International Fellow of the Royal Academy of Engineers, UK.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Not applicable

Name	Neo Boon Siong
Age	68
Address	c/o 12 Tai Seng Link #08-01 Singapore 534233
Designation in Enlarged Group	Independent Director
Role in Board Committees of the Enlarged Group	Chairman of ARC, Member of Nominating Committee
Biography	Dr. Neo Boon Siong is currently a Director of St Luke's Eldercare. Dr. Neo was the CANON Endowed Chair Professor of Business and twice served as Dean of the Nanyang Business School at the Nanyang Technological University, Singapore. He was previously the Chairman of the board of directors of K1 Ventures Limited and served as Director of Keppel Telecommunications & Transportation Ltd, OCBC Bank, Great Eastern Holdings Limited, OUE Hospitality Trust Ltd, and APL, among several other companies. He holds a Bachelor of Accountancy (Honours) from NUS, a Master of Business Administration and a PhD from the University of Pittsburgh, US.

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Not applicable

Name	Yeo Gek Leong Clarence
Age	66
Address	c/o 12 Tai Seng Link #08-01 Singapore 534233
Designation in Enlarged Group	Independent Director
Role in Board Committees of the Enlarged Group	Chairman of Nominating Committee, Member of Remuneration Committee
Biography	Mr. Yeo Gek Leong Clarence is currently an Independent Director of the Company and serves as Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit Committee. Mr. Yeo was a Senior Advisor (Special Duties) in the Ministry of Home Affairs (August 2021 to 9 July 2024). Prior to that, he held senior public sector leadership appointments such as the Commissioner of the Immigration & Checkpoints Authority ("**ICA**") (September 2010 to September 2018) and the Chief Executive of the Home Team Academy ("**HTA**") (September 2018 to July 2021). Besides domain experience relating to his tenures with ICA and HTA, he also has experience in leading and driving governance, organisational excellence, enterprise risk management, information technology and digitalisation and organisational transformation. At the same time, Mr. Yeo is an Independent Director of Hong Leong Finance Limited, a company listed on the Mainboard of the SGX-ST. He serves on various board committees such as the Executive

	Committee (Member), the Audit Committee (Member), the Remuneration Committee (Member), the Share Option Scheme 2001 Committee (Member) and the Board Sustainability Committee (Member). Mr. Yeo holds a Master's degree in Public Policy from NUS (now offered under the Lee Kuan Yew School of Public Policy), and a BSc (Honours) (2nd Class Upper) in Economics from the University of London. He is also an alumnus of INSEAD, having attended a Senior Executive Development Programme at Fontainebleau. Mr. Yeo has received several individual awards, including the National Day Public Administration Medal (Gold) (Bar) in 2021, the Public Administration Medal (Gold) in 2013 and the Public Administration Medal (Silver) in 2006. He was also awarded the Medal of Commendation by the Singapore National Trade Union Congress in May 2017 in recognition of his significant contributions towards good labour-management relations.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Not applicable

Name	Shng Yunn Chinn
Age	52
Address	c/o 12 Tai Seng Link #08-01 Singapore 534233
Designation in Enlarged Group	Independent Director
Role in Board Committees of the Enlarged Group	Member of ARC

Biography	Mr. Shng Yunn Chinn is currently the Deputy General Manager of Tianjin Pharmaceutical Da Ren Tang Singapore Development Co., Pte. Ltd. ("**DRT**") which is the regional HQ of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited, a company listed on the SGX-ST since 1997. Mr. Shng joined DRT in July 2024 and is responsible for developing the company's strategy and business plans. Given that the Singapore company is a new set-up, he is also responsible for setting up its structures and processes. He oversees all functional departments and management systems, and also takes care of the Singapore, Malaysia and Indonesian markets, in addition to assisting the General Manager to manage sales and related issues in the company's regional and global markets. Mr. Shng was a career police officer in the Singapore Police Force ("**SPF**") from 1998 to 2024. He left as Assistant Commissioner of Police and the last post he held was the Director of the Community Partnership Department and concurrent Commander of the Volunteer Special Constabulary. In the SPF, he served in a variety of staff, operations, and command postings including as the Commanding Officer of Kampong Java Neighbourhood Police Centre, Assistant Director of the Strategic Planning Division, Planning and Organisation Department, Deputy Commander of Bedok Police Division as well as a secondment to the SATS Auxiliary Police Force as Commander. He also held various key posts in investigations including Deputy Head of the Intellectual Property Rights Branch and Head of Operations (Management) of the Criminal Investigation Department, Deputy Head of Investigations of Jurong Police Division, and a secondment to the Casino Regulatory Authority as Deputy Director of Investigations. He is a Public Service Commission Local Scholarship holder, and holds a degree in Political Science from NUS and a Master of Business Administration from the Nanyang Technological University, Singapore for which he was awarded the Dean's Award and appointed as the Valedictorian for his cohort. He also spent a year in Beijing where he joined the Master of Translation cohort in the Beijing Foreign Affairs University. As part of his development, he attended the Ministry of Home Affair's apex leadership programme, the Phoenix Course, as well as the Government Leadership Programme.
Any relationship (including immediate family	Not applicable

relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	

12.6 **Proposed Executive Officers of the Enlarged Group**

The following tables set forth information relating to the Proposed Executive Officers.

Name	Yeo Siang Thong
Age	62
Address	c/o 12 Tai Seng Link #08-01 Singapore 534233
Designation	Group Chief Executive Officer
Biography	Mr. Yeo Siang Thong has more than 30 years of experience in the construction industry. He helmed the Target Group's building construction business segment in the capacities of General Manager from July 1998 to January 2007 and later on, as Managing Director from August 2017 to December 2024. He was promoted to Group Chief Executive Officer of the Target Group from January 2025. In addition, Mr. Yeo was also an Executive Director of APL from September 1999 to August 2006. Mr. Yeo was instrumental in expanding the business from a pure contracting model to a "Design and Build" model, pioneering the Building Precast Components business, and has played a major role in the APL Group's expansion into the property development sector. He was also responsible for the exponential growth of the construction business since he joined the APL Group in 1998. Prior to joining the Target Group, Mr. Yeo had served as Vice-President of Sembawang Engineers and Constructors Pte. Ltd., and held several other senior managerial positions in HDB and JTC International Pte Ltd. He holds a Civil Engineering (Honours) degree and a Master of Science (Civil Engineering) degree from the NUS. He is a Registered

	Professional Engineer with the Professional Engineers Board and Senior Member of the Institute of Engineers, Singapore.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Not applicable

Name	Kenny Yong Shan Siong
Age	46
Address	c/o 12 Tai Seng Link #08-01 Singapore 534233
Designation in Enlarged Group	Chief Financial Officer
Biography	Mr. Kenny Yong Shan Siong is currently serving as the Chief Financial Officer of the Target Group, a position which he has held since 1 September 2023. In his current role, Mr. Yong leads the Target Group in a multitude of functions including but not limited to financial and management accounting, financial planning and analysis, taxation, treasury, corporate governance, sustainability and investor relations. Mr. Yong joined the Acrophyte Group in September 2021 as Deputy Group Chief Financial Officer and was appointed as Group Chief Financial Officer in January 2022. Prior to joining the Acrophyte Group, Mr. Yong held senior managerial positions at multinational companies listed in the United States of America and France, as well as a leading real estate development and investment company headquartered in Singapore. He also served an eight (8)-year stint as an auditor with an international accounting firm, specialising in the real estate sector.

	Mr. Yong holds a Bachelor of Commerce (Accounting and Finance) degree from The University of Melbourne, Australia. He is also a fellow of CPA Australia.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Not applicable

Name	Ling Lay Peng Karen
Age	47
Address	c/o 12 Tai Seng Link #08-01 Singapore 534233
Designation in Enlarged Group	Chief Corporate Officer
Biography	Ms. Ling Lay Peng Karen is currently serving as Chief Corporate Officer of the Target Group, a position which she has held since 1 September 2023. She oversees the corporate functions relating to administration, human resources, corporate communications and information technology, ensuring that these support services are aligned with the business goals of the Target Group. Ms. Ling joined the Acrophyte Group in 1996, and over the last two (2) decades, she has assumed several roles in corporate services within the Acrophyte Group, including administration, procurement and human resources. Among the roles she has served, she was an Administration Manager and Personal Assistant to the Group Chief Executive Officer since 2007 and was promoted to General Manager of the Acrophyte Group in July 2021. As a long-serving employee of the Acrophyte Group, she has garnered in-depth knowledge of the business and operations of the Acrophyte Group and played an instrumental role in its numerous milestones, from the initial public offering of APL in the late 1990s to active business diversification by

	the turn of the millennium. Ms. Ling holds a Bachelor of Business Studies (Hons) (Human Resource Management) degree from the University College Dublin, Ireland.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Not applicable

Name	Venktaramana s/o V Vijayaragavan
Age	56
Address	c/o 12 Tai Seng Link #08-01 Singapore 534233
Designation in Enlarged Group	Chief Operating Officer, Civil Infrastructure
Biography	Mr. Venktaramana s/o V Vijayaragavan joined the Target Group in September 2023. In his current role as Chief Operating Officer of the Target Group's Civil Infrastructure division, he oversees the management and operations of the Target Group's civil works construction business for projects locally and overseas. In a career that spans close to 30 years, Mr. Venktaramana has gained hands-on project management experience in large-scale civil engineering projects with the LTA, leading and overseeing complex above-ground and underground rail/road projects. Mr. Venktaramana was also the Director (Cost Control) under LTA's Safety & Contracts Group, where he was tasked to protect the contractual and commercial interests of the LTA. In 2015, Mr. Venktaramana was appointed as the Managing Director of SG HSR Pte. Ltd., the Infrastructure Company (InfraCo SG) representing the Ministry of Transport / Government of Singapore for

	the High-Speed Rail project between Malaysia and Singapore. He managed the joint aspects of the project with his Malaysian counterparts (MyHSR) to ensure effective management and execution of the project, keeping in line with the bilateral agreement between Singapore and Malaysia. Mr. Venktaramana was made the Group Director (GDNSC) in 2019 to lead the 21.5km, S$13 billion North-South Corridor road infrastructure project that runs through a built-up corridor of Singapore. He also oversaw the design and construction of a S$950 million first-of-its-kind Integrated Train Testing Centre (SRTC) at Tuas. Mr. Venktaramana was also instrumental in leading the LTA team of in-house investigators working together with external engineering experts and legal counsels for the Committee of Inquiry into the Nicoll Highway collapse in 2004. Mr. Venktaramana graduated with a degree in Civil Engineering in 1992 and holds a Master of Science (Civil Engineering) from NUS. He is a post-graduate gold medallist winner, with a major in geotechnical engineering. He was also conferred the Outstanding Project Manager Award (Senior Category for Civil Engineering) in 2010 by the Society of Project Managers, Singapore. He is also a Main Committee Member of the Tunnelling and Underground Construction Society (Singapore) ("**TUCSS**"), and served as Technical Chairman of local/international conferences organized by TUCSS. He has also represented the technical evaluation (civil construction projects) panel for the Project Management Institute (PMI), Singapore Chapter. For his 30 years of public service, Mr. Venktaramana was conferred the Public Administration Medal (Silver) by the Ministry of Transport.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Not applicable

Name	Jonathon Kwok-Wei Lee
Age	41
Address	c/o 12 Tai Seng Link #08-01 Singapore 534233
Designation in Enlarged Group	Executive Director (Country Head, Australia)
Biography	Mr. Jonathon Kwok-Wei Lee joined Acrophyte Group in 2016 as a senior business development manager identifying opportunities for acquisitions in Asia Pacific. In his current role, he is responsible for managing the Target Group's acquisitions, development, construction pipeline and growth strategy in Australia. Mr. Jonathon Kwok-Wei Lee has worked for both governmental and private organisations in Singapore, London, Kuala Lumpur, Sydney and Adelaide. He was seconded to the Acrophyte Group's Australian operations in July 2019 where he expanded Acrophyte Group's business and operations with both government and private enterprises. Mr. Jonathon Kwok-Wei Lee holds a Bachelor of Commerce (Business Law) degree from Curtin University.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries	Not applicable

12.7 **Service Agreements**

Following Completion, the terms of appointment with respect to the Proposed New Directors and Proposed Executive Officers, including their respective service agreements that will be entered into, will be reviewed by the re-constituted Nominating Committee and the re-constituted Remuneration Committee of the Enlarged Group going forward.

(a) Proposed Non-Executive and Non-Independent Chairman

RC will be serving as the Non-Executive and Non-Independent Chairman of the Company.

RC has extensive experience in real estate and construction businesses and has been with the APL Group (which includes the Target Group) for more than 25 years. Under his leadership, the Target Group has successfully expanded its capabilities, growing its business from a focus on building construction to encompass a wide range of businesses, including civil infrastructure, environmental sustainability, prefabrication technology, and procurement, through both organic growth and strategic acquisitions.

Given RC's extensive experience, deep familiarity with the Business, and strong industry network, in addition to the functions which he is expected to carry out as Non-Executive and Non-Independent Chairman, RC will also be providing strategic guidance and oversight to the Enlarged Group's business in the following areas:

(i) Strategic Guidance and Expansion

RC will be providing strategic guidance on the running of the Enlarged Group's business, including:

(A) advising on the expansion and growth strategies for the Enlarged Group's business, ensuring effective synergy across the Enlarged Group's various business divisions;

(B) mentoring senior management of the Enlarged Group and providing strategic insights to help shape the Enlarged Group's long-term vision and objectives;

(C) assisting in the development and implementation of the Enlarged Group's strategic plans to achieve sustainable growth; and

(D) providing mentorship on strategic partnerships and corporate exercises; and

(ii) Contract Tender Evaluation

RC will actively participate in tender committee meetings to provide his strategic advice, especially for complex, long-term and/or high-value contracts, including:

(A) assessing the feasibility of tender projects;

(B) providing insights on tender strategies and approaches; and

(C) offering a perspective independent from the senior management and executives of the Enlarged Group,

all of which would ensure balanced and effective decision-making in the tender evaluation process.

Upon Completion, it is intended that RC will be issued a letter of appointment. Such letter will, among other things, outline his roles and responsibilities as described above, along with his entitlement to directors' fees.

(b) Proposed Non-Executive and Independent Directors

Upon Completion, it is intended that each of the Proposed New Directors who will be serving in a non-executive function on the Board (the "**Non-Executive Directors**" and each a "**Non-Executive Director**") will be issued a letter of appointment by the Company. The terms in such letter will outline, amongst other things, their respective roles and responsibilities as well as their entitlement to directors' fees.

The directors' fees payable to a Non-Executive Director will vary according to, amongst other things, (i) the level of responsibility and roles held by the Non-Executive Director (for example, whether the Non-Executive Director is appointed as the Lead Independent Director of the Board); and (ii) whether the Non-Executive Director holds any positions in any board committees (including the level of involvement in any such board committees, for example, whether as a member or as the chairman of the board committee).

(c) Proposed Executive Officers

As at the Latest Practicable Date, each of the Proposed Executive Officers has a service agreement with the Target Group (each, an "**EO Existing Service Agreement**"). Other than Mr. Yeo Siang Thong's service agreement, other EO Existing Service Agreements do not have fixed terms.

Mr. Yeo Siang Thong will serve as the Group Chief Executive Officer of the Enlarged Group.

Presently, Mr. Yeo Siang Thong has entered into a service agreement with the Target Group with respect to his role as the Group Chief Executive Officer of the Target Group. His current service agreement has a duration of three (3) years and will terminate automatically when the Target Shares are transferred to another company. Upon Completion, it is intended that Mr. Yeo Siang Thong will enter into a service agreement with the Company in relation to his appointment as Group Chief Executive Officer of the Enlarged Group, and such agreement shall include the following key terms:

(i) the appointment will be for a term of three (3) years;

(ii) the remuneration package will include a fixed monthly salary and bonus components comprising a fixed bonus and variable performance bonus for each financial year;

(iii) the termination events will include the following:

 (A) if the appointee is incapacitated by reason of ill-health or accident from performing his or her duties and have been so incapacitated for at least 60 consecutive days; and

 (B) if the appointee has committed any serious breach, is guilty of conduct which brings himself or herself or the company into disrepute or is declared bankrupt; and

(iv) either party can also terminate the service agreement by giving at least six (6) months' written notice.

Upon Completion, it is intended that the EO Existing Service Agreements for Mr. Kenny Yong Shan Siong (Chief Financial Officer) and Ms. Ling Lay Peng Karen (Chief Corporate Officer) will be terminated, and each of them will enter into a new service agreement with the Company on terms largely similar to those in their respective EO Existing Service Agreements. This is in view of the fact that their respective functions are meant to support the Enlarged Group as a whole.

Mr. Venktaramana s/o V Vijayaragavan (Chief Operating Officer, Civil Infrastructure) and Mr. Jonathon Kwok-Wei Lee (Executive Director (Country Head, Australia)) will remain employed by the Target Group as their roles are in relation to the business of the Target Group only.

Under the EO Existing Service Agreements, the remuneration package of the Proposed Executive Officers generally includes a fixed monthly salary and a variable performance bonus. Certain Proposed Executive Officers are also entitled to a fixed bonus. The rationale for a fixed bonus is that the fixed bonus forms part of certain Proposed Executive Officers' total fixed pay (comprising basic monthly salary and such fixed bonus). The total fixed pay (including such fixed bonus) is benchmarked to market to ensure that the remuneration is commensurate with the position and responsibilities of such Proposed Executive Officer, and is aligned with market practices, but is not linked directly to performance. The fixed bonus would also be in addition to the variable performance bonus that would be tied to the fulfilment of certain key performance indicators (which are in line with the Enlarged Group's performance) by such Proposed Executive Officers.

The termination events under the EO Existing Service Agreements (save for the service agreement of Mr. Yeo Siang Thong) include the following:

(i) if the appointee is incapacitated by reason of ill-health or accident from performing his duties and has been so incapacitated for at least 60 consecutive days; and

(ii) if the appointee has committed any serious breach, is guilty of conduct which brings himself or the company into disrepute, or is declared bankrupt.

Either party to an EO Existing Service Agreement can also terminate the agreement by giving at least three (3) months' written notice.

12.8 **Related Employees**

As at the Latest Practicable Date, there is no employee in the Enlarged Group who is an immediate family member of a Substantial Shareholder of the Company, the Chief Executive Officer of the Company, a Proposed Executive Officer or a Director.

12.9 **Prospects, Strategy and Future Plans**

(a) Prospects

(i) **Strong market fundamentals underpinned by healthy demand from both the public and the private sectors**

According to the Ministry of Trade and Industry[46], the construction sector grew 4.40% year-on-year in the fourth quarter of 2024, following the 5.60% expansion in the previous quarter. Construction output was supported by expansions in both the public and private sectors.

Looking ahead, the BCA expects total construction demand to range between an average of S$39 billion and S$46 billion per annum from 2026 to 2029. Medium-term construction demand is projected to be robust, supported by projects such as Changi Airport Terminal 5, a steady pipeline of public housing developments, MRT projects such as the Cross Island Line (Phase 3) and the Downtown Line Extension to Sungei Kadut, Integrated Waste Management

46 https://www.mti.gov.sg/Resources/Economic-Survey-of-Singapore

Facility (Phase 2), Tengah General and Community Hospital, Siglap South Integrated Development, Woodlands North Coast industrial estate, redevelopment of various junior colleges, commercial building redevelopments and other urban rejuvenation developments[47].

(ii) **Pent-up demand drives public housing spending**

Public housing is the cornerstone of Singapore's housing strategy. In order to meet the strong demand for public housing, HDB is on track to launch about 102,300 flats from 2021 to 2025, with over 25,000 new flats to be launched in 2025[48]. The Singapore government will continue to invest to ensure that the supply is sufficient to meet the demand, as well as to rejuvenate the assets for them to stay relevant and desirable.

(iii) **Public infrastructure spending to remain robust on the back of numerous strategic initiatives by the government**

One of the main drivers of growth in the construction industry in Singapore has been the Singapore government's focus on infrastructure development, such as the MRT line expansions, road and drainage system upgrades, as well as works to support the development of Changi Airport Terminal 5, Tuas Port and the Bulim area[49]. The following is a non-exhaustive list of key strategic initiatives the Singapore government is investing in:

(A) Transport Infrastructure, including but not limited to the MRT Network and Airports

(1) Singapore's sustainability strategy entails a shift towards a vehicle-light society, with a focus on expanding the MRT network. The Singapore Green Plan 30 sets specific targets to increase the rail network to 360km[50] by the early 2030s, up from around 260km[51].

(2) Singapore Changi Airport was named as the World's Best Airport in 2023. The Singapore government is expected to continue investing to maintain Singapore Changi Airport's position as one of the world's best airports, and one of the initiatives is to construct Terminal 5 to boost existing airport capacity by 50 million[52] passengers per year. This will bring the total capacity of Singapore Changi Airport to 140 million

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47 https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2025/01/23/construction-demand-to-remain-strong-for-2025
48 https://www.hdb.gov.sg/cs/infoweb/about-us/news-and-publications/press-releases/Upcoming-Flat-Supply-And-4th-Quarter-2024-Public-Housing-Data
49 https://marketintelligence.turnerandtownsend.com/sgmi-2024/construction-performance
50 https://www.greenplan.gov.sg/targets/
51 https://www.statista.com/statistics/1006776/singapore-railway-network-length/
52 https://www.straitstimes.com/singapore/transport/plans-for-changi-airport-terminal-5-still-being-reviewed-mot

passengers per year. Construction of Terminal 5 at Singapore Changi Airport is expected to commence in the first half of 2025. The new terminal is expected to be operational around the mid-2030s[53].

(B) Water and Anti-Flood Infrastructure

(1) The Singapore government is committed to projects aimed at enhancing a consistent and secure water supply to bolster water supply security and self-sufficiency.

(2) Singapore faces a significant risk of flooding as a result of substantial seasonal rainfall and its low-lying topography. As such, various coastal areas in the nation are anticipated to be impacted by rising sea levels. Acknowledging the potential impact of climate change, the Singapore government estimates that addressing flood risks could necessitate an investment of approximately S$100 billion in the long run.

(C) Low Carbon Infrastructure

(1) Singapore has rolled out the Singapore Green Building Masterplan, aimed at improving the energy efficiency of buildings by 2030, and pledged to attain net zero emissions by 2050.

(2) The push for low-carbon infrastructure is a central aspect of achieving this commitment and represents an opportunity for businesses in the building and construction sector with the capabilities and expertise necessary to retrofit older buildings to meet the Singapore Green Building Masterplan standards and take on new "green" projects. Some examples of environmentally sustainable and low-carbon energy solutions that builders may provide include smart housing, hydrogen production, rooftop solar and electric vehicle charging infrastructure.

(iv) **Private sector demand backed by investment commitments**

In 2024, the Singapore Economic Development Board attracted S$13.5 billion in fixed asset investment commitments, and S$8.4 billion in total business expenditure per annum. These commitments, when realised over the next five

[53] https://www.straitstimes.com/singapore/transport/construction-of-changi-airport-terminal-5-to-start-in-first-half-of-2025-pm-wong

(5) years, are expected to create 18,700 new jobs with a projected contribution of S$23.5 billion in value-added per annum[54].

This represents a potential driver of construction demand, with upcoming projects for new headquarters, fabrication plants and data centres, reflecting Singapore's role as a services hub and a key link in the global supply chain.

(v) **Infrastructure projects help to mitigate the cyclical nature of the building sector**

The Singapore government plays a crucial role in backing the majority of infrastructure projects through public expenditure. This characteristic imparts non-cyclical attributes to such projects, providing a safeguard against fluctuations in business sentiment. Consequently, infrastructure initiatives serve as a stabilising force for the typically cyclical construction sector, ensuring a consistent and robust level of construction activity over the medium to long-term.

(b) Strategy and Future Plans

(i) **Identify and pursue opportunities for expansion**

The Target Group has been consistently exploring new initiatives and growth opportunities as part of its efforts to structure a resilient organisation and achieve long-term growth.

Over the years, the Target Group has expanded from its sole exposure to building construction, to include a diversified range of competencies, including civil infrastructure, environmental and sustainability, prefabrication technology and procurement. Certain of the competencies were developed organically, while others were through strategic acquisitions and collaborations.

The Target Group intends to continue leveraging its reputable brand name and proven track record as an established homegrown construction group in Singapore to continue its growth momentum by: (A) expanding the market share of each of its business segments; (B) extending its geographical presence; and (C) where feasible, adding on relevant or complementary business segments. To this end, the Target Group intends to actively evaluate and pursue expansion opportunities both locally and overseas (including through acquisitions, partnerships and/or joint ventures) to achieve the following benefits and value propositions:

(1) extend and further strengthen the Target Group's construction engineering capabilities in specialised fields;

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54 https://www.edb.gov.sg/en/about-edb/media-releases-publications/edb-year-2024-in-review.html

(2) through acquisitions and the formation of partnerships and/or joint ventures, the Target Group will be able to better optimise resources across its business segments and with its business partners, grow and expand its business portfolio and manage execution risks;

(3) enhance the ability of the Target Group to participate in tenders for a broader range of construction related projects, which are of larger scale and/or higher value; and

(4) further develop the Target Group's emerging business segments in environmental, sustainability and procurement which are complementary to its core offerings.

(ii) **Focus on and invest in innovation to develop a competitive edge and enhance efficiency**

The Target Group aims to transform its construction business through innovation and technology which will in turn improve efficiency and productivity, thereby also enhancing its competitive edge.

The Target Group has been striving to enhance its productivity and efficiency by improving the skillset of its workers, streamlining and digitalising its processes, and adopting new construction methodologies (which involves investment in automation technology and machinery). To this end, the Target Group has deployed precast technology to optimise resources and shorten the duration of projects, thereby reducing its reliance on manpower on-site as compared to manpower demands of conventional cast-in-situ method. In addition, the Target Group further enhanced its construction capabilities by, amongst other things, venturing into the precast concrete business through CES Precast and CES-Precast Sdn. Bhd., and developing greater expertise in the modular building construction segment, such as PPVC. More recently, the Group has expanded its suite of construction capabilities to include 3D printing services.

Technology, digitalisation and innovation are expected to feature even more prominently in the construction industry going forward, and the Target Group is committed to investing in these aspects to transform its construction businesses, elevate its competitive edge, and enhance productivity and efficiency.

(iii) **Leverage on synergy between business segments**

The Target Group has strived to leverage the synergy among its business segments, given that these business segments are complementary to one another. This has led to successful tenders, such as the award by LTA of

Contract P102 to a joint venture formed by CES_SDC and CES Contractors, and the award by PUB of Contract 4B to a joint venture formed by CES_SDC and CES_Salcon.

Forming joint ventures comprising different subsidiaries within the Target Group's construction division to participate in tender projects promotes cohesion and collaboration within the Target Group. Furthermore, the Target Group is able to effectively harness the expertise and capabilities across different areas of specialisation required for such projects. This strategy allows the Target Group to participate and compete in a broader range of construction tender projects which are of larger scale and/or higher value.

Going forward, the Target Group intends to increase collaboration opportunities amongst its business divisions to harness synergies and economies of scale by capitalising on the strengths and capabilities of its business division in any future collaborations and projects. The Target Group believes that these increased collaboration opportunities will enhance the Target Group's competitive edge.

(iv) **Optimise capital efficiency through divestment of non-core assets**

Going forward, the New Board will adopt an asset management strategy with respect to the Enlarged Group's portfolio of businesses and assets to optimise capital efficiency.

While the intention is to retain the current businesses of the Group, it is also intended that following Completion, the New Board will assess the Group's asset portfolio for non-strategic and non-core assets which do not contribute significantly to the revenue and profitability of the Enlarged Group. As and when opportunities arise, such assets will be divested in order to unlock capital, which can then be re-deployed towards project funding, expansion plans and debt repayment.

13. <u>SELECTED FINANCIAL INFORMATION</u>

The following selected financial information of the Enlarged Group, the Group and the Target Group should be read in conjunction with the full text of this Circular, including the following:

(a) paragraph 14 of this Circular entitled "*Management Discussion and Analysis of Results of Operations and Financial Position of the Enlarged Group*";

(b) the "*Audited Consolidated Financial Information of the Target Group for FY2021, FY2022 and FY2023, and the unaudited condensed interim consolidated financial information of the Target Group for the financial period of six (6) months ended 30 June 2024*" as set out in **Appendix C** of this Circular; and

(c) the "*Report on the Unaudited Pro Forma Consolidated Financial Information of the Enlarged Group for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024*" and the related notes thereto as set out in **Appendix D** of this Circular.

13.1 **Pro Forma Financial Information of the Enlarged Group**

(a) Results of operations of the Enlarged Group

	Full year ended 30 June 2024 S$'000	**Full year ended 30 June 2023** S$'000	**Full year ended 30 June 2022** S$'000
Revenue	527,920	589,703	556,508
Cost of sales	(502,074)	(557,302)	(507,885)
Gross profit	25,846	32,401	48,623
Loss before tax	(13,888)	(1,490)	(8,980)
Loss for the year	(12,068)	(2,739)	(10,679)
Total comprehensive income for the year	(12,221)	(3,341)	(8,034)

(b) Financial position of the Enlarged Group

	As at 30 June 2024 S$'000
Current assets	297,490
Non-current assets	148,376
Total assets	445,866
Current liabilities	270,456
Non-current liabilities	40,368
Total liabilities	310,824
Share capital	146,464

Share premium	69,304
Other reserves	(31,704)
Accumulated losses	(48,628)
	135,436
Non-controlling interests	(394)
Total equity	135,042

13.2 **Financial Information of the Group**

(a) Results of operations of the Group

	Full year ended 30 June 2024 S$'000	**Full year ended 30 June 2023** S$'000	**Full year ended 30 June 2022** S$'000
Revenue	10,891	14,528	16,458
Cost of sales	(2,216)	(2,629)	(2,843)
Gross profit	8,675	11,899	13,615
Profit/(Loss) before tax	4,163	3,627	(21,266)
Profit/(Loss) for the year	3,620	2,517	(21,353)
Total comprehensive income for the year	3,620	2,517	(18,521)

(b) Financial position of the Group

	As at 30 June 2024 S$'000	**As at 30 June 2023** S$'000	**As at 30 June 2022** S$'000
Current assets	41,035	45,684	19,374
Non-current assets	77,862	80,594	120,908
Total assets	118,897	126,278	140,282
Current liabilities	50,941	24,432	31,695
Non-current liabilities	8,682	46,192	55,450
Total liabilities	59,623	70,624	87,145

Share capital	27,916	27,916	27,916
Share premium	69,304	69,304	69,304
Contributed surplus	12,063	12,063	12,063
Translation and other reserves	(1,491)	(1,491)	(1,491)
Accumulated losses	(48,518)	(52,138)	(54,655)
Non-controlling interests	-	-	-
Total equity	59,274	55,654	53,137

13.3 **Financial Information of the Target Group**

(a) Results of operations of the Target Group

	6 months ended 30 June 2024	**Full year ended 31 December 2023**	**Full year ended 31 December 2022**	**Full year ended 31 December 2021**
	S$'000	S$'000	S$'000	S$'000
Revenue	253,183	521,167	627,522	411,226
Cost of sales	(228,664)	(521,055)	(585,662)	(391,974)
Gross profit	24,519	112	41,860	19,252
Profit/(Loss) before tax	7,221	(32,789)	18,461	719
Profit/(Loss) after tax	5,423	(28,108)	16,300	1,208
Total comprehensive income	5,403	(28,571)	15,847	1,118

(b) Financial position of the Target Group

	As at 30 June 2024	**As at 31 December 2023**	**As at 31 December 2022**	**As at 31 December 2021**
	S$'000	S$'000	S$'000	S$'000
Current assets	257,146	290,071	325,261	298,339
Non-current assets	74,455	76,765	61,234	64,613
Total assets	331,601	366,836	386,495	362,952
Current liabilities	221,478	257,750	199,198	189,491
Non-current liabilities	34,245	38,660	88,171	90,182

Total liabilities	255,723	296,410	287,369	279,673
Share capital	127,222	127,222	100,550	100,550
Other reserves	17,027	17,046	17,509	17,962
Accumulated losses	(67,977)	(73,393)	(18,933)	(35,233)
Non-controlling interests	(394)	(449)	–	–
Total equity	75,878	70,426	99,126	83,279

(c) The Board and the Audit Committee confirm that to the best of their knowledge and belief, there is no material adverse change in the profitability and financial position of the Target Group for the full year ended 31 December 2024 as compared to the half year ended 30 June 2024.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED GROUP

The following discussion of the Enlarged Group's financial position and results of operations should be read in conjunction with the full text of this Circular.

14.1 Financial Year Ended 30 June 2024 Versus Financial Year Ended 30 June 2023

Gross revenue decreased by S$61.8 million or 10.48%, from S$589.7 million to S$527.9 million. The decrease was mainly due to lower construction revenue and lower rental income. Construction revenue decreased from various substantially completed contracts, including Woodlands N1C25, Sengkang N4C39 & C40, partially offset by contributions from ongoing contracts such as Hougang N2C11 and new contracts awarded such as Contract P102. Rental income decreased mainly due to the end of the Group's lease with the Singapore Land Authority for the investment property, The Herencia, in February 2023. In line with lower revenue, gross profit decreased by S$6.6 million or 20.23% from S$32.4 million to S$25.8 million.

General and administrative expenses increased by S$8.3 million or 24.28% from S$34.3 million to S$42.7 million due mainly to higher depreciation and payroll expenses, partially offset by an absence of rental expense to the Singapore Land Authority due to the lease for the property, The Herencia, ending in February 2023.

Overall, the Enlarged Group reported a higher net loss at S$12.1 million, an increase of S$9.3 million or 340.55% from S$2.7 million.

14.2 Financial Position as at 30 June 2024

Non-current assets

As at 30 June 2024, the non-current assets of the Enlarged Group amounted to S$148.4 million and accounted for approximately 33.28% of its total assets. The non-current assets comprised mainly the following:

(a) investment properties of approximately S$77.5 million, accounting for approximately 52.23% of the total non-current assets. Investment properties comprised one (1) industrial building and unsold strata units at two (2) industrial buildings which are carried at fair value and held by the Group for rental and/or sales; and

(b) property, plant and equipment of S$50.2 million, accounting for approximately 33.83% of the total non-current assets. Property, plant and equipment comprised mainly three (3) industrial properties in Singapore and Malaysia which are used as warehouse and precast facilities.

Current Assets

As at 30 June 2024, the current assets of the Enlarged Group amounted to S$297.5 million and accounted for approximately 66.72% of its total assets. The current assets comprised mainly the following:

(a) trade and other receivables and contract assets of S$151.5 million, accounting for approximately 50.92% of the total current assets. Trade and other receivables and contract assets comprised trade receivables and unbilled receivables from third parties of S$129.0 million; and

(b) cash and bank balances of S$102.8 million accounting for approximately 34.55% of the total current assets. Included in these balances is an amount of S$3.2 million, withdrawals from which are restricted to payments for approved expenditure incurred in relation to investment properties and repayment of certain bank loans.

Non-Current Liabilities

As at 30 June 2024, the non-current liabilities of the Enlarged Group amounted to S$40.4 million and accounted for approximately 12.99% of its total liabilities. The non-current liabilities comprised the following:

(a) trade and other payables of S$26.2 million, accounting for approximately 64.89% of the total non-current liabilities. Trade and other payables comprised mainly retention payables; and

(b) loans and borrowings of S$11.5 million, accounting for approximately 28.58% of the total non-current liabilities.

Current Liabilities

As at 30 June 2024, the current liabilities of the Enlarged Group amounted to S$270.5 million and accounted for approximately 87.01% of its total liabilities. The current liabilities comprised the following:

(a) trade and other payables and contract liabilities of S$126.8 million, accounting for approximately 46.87% of the total current liabilities. Trade and other payables comprised trade payables from third parties of S$81.2 million; and

(b) other liabilities of S$50.5 million, accounting for approximately 18.66% of the total current liabilities, comprised mainly accrued operating and project costs.

15. CORPORATE GOVERNANCE

15.1 The Proposed New Board of the Enlarged Group

It is intended that the Existing Board (save for Mr. Yeo Gek Leong Clarence) will each resign as directors of the Company, and subject to approval from the Shareholders with respect to the appointment of the Proposed New Directors at the SGM, it is proposed that upon Completion, the New Board will comprise three (3) Non-Executive and Non-Independent Directors and five (5) Independent Directors, namely:

(a) RC (Non-Executive and Non-Independent Chairman);

(b) MTC (Non-Executive and Non-Independent Director);

(c) Mr. Tang Jialin (Non-Executive and Non-Independent Director);

(d) Mr. Abdul Jabbar Bin Karam Din (Lead Independent Director);

(e) Prof. Low Teck Seng (Independent Director);

(f) Dr. Neo Boon Siong (Independent Director);

(g) Mr. Yeo Gek Leong Clarence (Independent Director); and

(h) Mr. Shng Yunn Chinn (Independent Director).

In order to perform its functions effectively, the New Board collectively possesses a diverse range of skills, experience and qualities, with core competencies relating to banking, accounting and finance, legal and regulatory, entrepreneurship, industry and customer-based knowledge, as well as experience in management, strategic planning and risk management.

The New Board will remain committed to achieving high standards of corporate governance in complying with the Code of Corporate Governance 2018 and the rules of the Listing Manual.

The New Board will oversee the business affairs of the Enlarged Group and will have overall responsibility for reviewing the Enlarged Group's strategic plans and performance objectives, financial plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

When a candidate is proposed to be appointed for the first time or re-elected to the board at a general meeting, the Company is required under Rule 720(6) of the Listing Manual to provide the information relating to the candidate as set out in Appendix 7.4.1 of the Listing Manual in the notice of meeting, annual report or relevant circular distributed to shareholders prior to the general meeting. Further information relating to each of the Proposed New Directors (including the information relating to each of the Proposed New Directors as set out in Appendix 7.4.1 of the Listing Manual) is set out in **Appendix F** to this Circular.

Important Note: Shareholders should note that the information on the key biographical and background information of the Proposed New Directors, as contained in Appendix F has been provided by each of the Proposed New Directors, and the Board, the Company, APL, the directors of APL, and GT have not conducted an independent review or verification of the accuracy of any of the statements and information relating to each of the Proposed New Directors as contained in Appendix F, and take no responsibility for the accuracy of any of these statements.

15.2 The New Board Committees

It is intended that after Completion, the New Board will be supported by three (3) board committees (the "**Board Committees**"), namely the ARC, the re-constituted Remuneration Committee and the re-constituted Nominating Committee. If the needs of the Enlarged Group so require, the New Board will also consider setting up additional board committees or expanding the scope of the existing Board Committees.

Audit and Risk Committee

Following Completion, the Audit Committee will be renamed as the ARC, which will comprise the following members, who will each be Independent Directors of the Company:

(a) Dr. Neo Boon Siong (ARC Chairman);

(b) Prof. Low Teck Seng (ARC Member); and

(c) Mr. Shng Yunn Chinn (ARC Member).

The responsibilities of the ARC will include but not be limited to the following:

(i) reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Enlarged Group and any announcements released by the Company relating to the Enlarged Group's financial performance;

(ii) monitoring and reviewing the Enlarged Group's exposure or nexus to sanctions-related risks;

(iii) reviewing at least annually the adequacy and effectiveness of the Enlarged Group's internal controls and risk management systems, including the Enlarged Group's management of risks associated with workplace safety and health;

(iv) reviewing the adequacy, effectiveness, independence, scope and results of the Enlarged Group's external audit function and making recommendations to the New Board on the appointment, re-appointment or removal of the Enlarged Group's external auditors as well as the remuneration and terms of engagement of the Enlarged Group's external auditors;

(v) reviewing the adequacy, effectiveness, independence, scope and results of the Enlarged Group's internal audit function, being the primary reporting line of the internal audit function, and deciding on the appointment, termination and remuneration of the internal audit function;

(vi) ensuring that the Enlarged Group (A) complies with applicable laws and regulations; and (B) has programmes and policies in place to identify and prevent instances of fraud or irregularity;

(vii) reviewing and ensuring that policies and arrangements are in place to ensure that any concerns in relation to possible improprieties in financial reporting or other matters can be safely raised, independently investigated and appropriately followed up on, and to ensure that the Enlarged Group publicly discloses, and clearly communicates to employees of the Enlarged Group, the existence and operation of a whistle-blowing policy and procedures for raising their concerns;

(viii) reviewing all interested person transactions and related party transactions to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Enlarged Group or its minority Shareholders; and

(ix) reviewing potential conflicts of interest (if any) and reviewing and/or monitoring any conflicts of interest in relation to any of the directors, controlling shareholders and their respective associates.

Remuneration Committee

Following Completion, the Remuneration Committee will comprise the following members, the majority of whom will be Independent Directors of the Company:

(a) Mr. Abdul Jabbar Bin Karam Din (Remuneration Committee Chairman);

(b) RC (Remuneration Committee Member);

(c) Prof. Low Teck Seng (Remuneration Committee Member); and

(d) Mr. Yeo Gek Leong Clarence (Remuneration Committee Member).

The responsibilities of the Remuneration Committee will include but not be limited to the following:

(i) reviewing and making recommendations to the New Board on all aspects of remuneration, including fees of the Proposed New Directors and the Enlarged Group's remuneration policies;

(ii) reviewing and making recommendations to the New Board on the remuneration framework applicable in relation to the remuneration package for the chairman of the New Board, the Proposed New Directors, the Chief Executive Officer of the Enlarged Group and other key management personnel;

(iii) reviewing and making recommendations to the New Board on the specific remuneration packages for each Proposed New Director, the Chief Executive Officer of the Enlarged Group and other key management personnel;

(iv) reviewing the remuneration package of any employees of the Enlarged Group who are immediate family members of the Proposed New Directors, the Chief Executive Officer of the Enlarged Group or any Substantial Shareholder of the Company;

(v) reviewing and making recommendations to the New Board on the talent management and remuneration framework for the Enlarged Group, including staff development and succession planning;

(vi) monitoring the level and structure of remuneration relative to internal and external peers and competitors;

(vii) ensuring that the contractual terms and any termination payments applicable to employees of the Enlarged Group are fair to the individual and the Enlarged Group; and

(viii) administering share option schemes and performance share plans (if any) in accordance with the respective rules adopted (if applicable).

Nominating Committee

Following Completion, the Nominating Committee will comprise the following members, the majority of whom will be Independent Directors of the Company:

(a) Mr. Yeo Gek Leong Clarence (Nominating Committee Chairman);

(b) RC (Nominating Committee Member);

(c) Mr. Abdul Jabbar Bin Karam Din (Nominating Committee Member); and

(d) Dr. Neo Boon Siong (Nominating Committee Member).

The responsibilities of the Nominating Committee will include but not be limited to the following:

(i) making recommendations to the New Board on matters relating to the appointment and/or replacement of any of (A) the Proposed New Directors who will be serving in an executive function within the Enlarged Group; or (B) the key management personnel;

(ii) undertaking performance evaluations of the New Board, the Board Committees and each individual Proposed New Director by way of objective performance criteria and established processes and making recommendations to the New Board in relation to the same;

(iii) making recommendations to the New Board on matters relating to training and professional development of the Proposed New Directors;

(iv) making recommendations to the New Board on matters relating to the appointment and re-appointment of all the Proposed New Directors (including any alternate directors) and on membership of the Board Committees;

(v) regularly reviewing the structure, size and composition of the New Board and Board Committees, having regarding to skillset, qualification, gender, age, experience and diversity;

(vi) reviewing other directorships and principal commitments held by each Proposed New Director and assessing whether each Proposed New Director is able to carry out, and has been adequately carrying out, his/her duties, taking into consideration the number of listed company directorships held and his/her principal commitments; and

(vii) reviewing and determining annually (or whenever necessary), the independent status of each Proposed New Director who will serve as an Independent Director (and that of the alternate directors (if applicable)), having regard to the Code of Corporate Governance 2018 and the Listing Manual.

16. RISK FACTORS

Shareholders are advised to read the following risk factors in this paragraph 16 carefully.

16.1 Risks Relating to the Target Group's Business, Financial Condition and/or Results of Operations

(a) The Target Group is subject to government legislation, regulations and policies which affect the construction industry in the countries in which the Target Group operates and requires various licences and permits for its operations

The Target Group is subject to government legislation, regulations and policies (the "**Rules and Regulations**") which affect the construction industry in the countries in which the Target Group operates, including those governing, amongst other things:

(i) employment of workers (including foreign workers) in the countries in which the Target Group operates. For example, the foreign worker quota system for the construction and process sector in Singapore and legislation governing overtime limits of workers employed by the Target Group;

(ii) the conditions of the work permit(s) of foreign workers employed by the Target Group;

(iii) licensing of contractors;

(iv) approval and execution of plans of construction works;

(v) workplace safety and health; and

(vi) environmental matters such as public health and noise pollution.

The contravention by the Target Group of the Rules and Regulations may subject the Target Group, its employees and/or its directors to statutory penalties, such as fines imposed by the relevant authorities (which may or may not be significant) or the modification, suspension or discontinuance of the Target Group's operations. Hence, the consequences in relation to any contravention of the Rules and Regulations may have a material adverse effect on the Target Group's business, financial condition, prospects and results of operations.

The Target Group has implemented systems and procedures to comply with the Rules and Regulations. However, prior to or notwithstanding the implementation of such systems and procedures, there may have been instances of non-compliance which have since been rectified, including through the subsequent implementation of certain systems and procedures. There is no assurance that the Target Group, its employees and/or its directors will not be subject to future investigations by the relevant authorities for any past instances of non-compliance which have since been rectified. Accordingly, there is no assurance that the Target Group, its employees and/or its directors will not be found guilty and/or held liable to statutory penalties such as fines (which may or may not be significant).

The Target Group requires various licences and permits for its operations. For example, in Singapore, under the Building Control Act 1989 of Singapore, no person shall commence or carry out, or permit or authorise the commencement or carrying out of, any building works unless the plans of the building works have been approved by the Commissioner of Building Control and in the case of structural works, there is in force a permit granted by the Commissioner of Building Control to carry out the structural works. In the event that such approvals or permits are not obtained, the Target Group will not be able to undertake the relevant projects, and its business, financial condition, prospects and results of operations may be adversely affected.

The Target Group's licences and permits may also be granted for fixed periods of time. These will need to be renewed by the Target Group from time to time. There is no assurance that upon expiration of such licences and permits, the Target Group will be able to successfully renew such licences and permits in a timely manner or at all. In addition, there is no assurance (A) that the renewal of such licences and permits will not require conditions which the Target Group may find difficult to comply with, or (B) that the relevant authorities will not enact new laws and regulations which impose additional restrictions on renewals of such licences and permits. Failure by the Target Group to obtain, renew or maintain the required licences and permits, or the cancellation, suspension or revocation of any of its licences and permits may result in the interruption of its operations and have a material adverse effect on its business.

The Rules and Regulations are also subject to amendments from time to time. Any such changes could adversely affect the Target Group's business operations and/or have a negative effect on the demand for its construction services. The compliance with such changes may also increase the Target Group's costs and any significant increase in compliance costs arising from such changes may adversely affect the Target Group's financial performance. There is no assurance that any changes in the Rules and Regulations will not have an adverse effect on the Target Group's business, financial condition, prospects and results of operations.

(b) The outbreak of an infectious disease or the occurrence of any other serious public health concerns could adversely impact the Target Group's business, financial condition, prospects and results of operations

As can be seen from the COVID-19 pandemic, outbreaks of communicable diseases, together with any resulting border controls, travel and transportation restrictions, safe distancing, and prolonged work stoppages and interruptions for the purposes of imposing quarantines and/or lockdowns, could lead to severe and protracted disruptions in the functions of markets and economies, thereby materially and adversely affecting the Target Group's business, financial condition, prospects and results of operations.

A brief overview of the potential effects of the outbreak of a pandemic on the Target Group include, but are not limited to:

(i) adverse effects on existing and future construction projects, for example, delays in completion of such projects due to the closure of the Target Group's construction sites or shortages in manpower or construction materials;

(ii) increased labour and project costs, for example, due to supply and manpower shortages or additional safe distancing measures implemented at construction sites;

(iii) increased likelihood of the insolvency of the Target Group's customers, suppliers, and counterparties to the Target Group's contractual arrangements;

(iv) inability to factor in increased costs in fixed-cost contractual arrangements which will result in the Target Group having to bear the brunt of cost escalation to complete its projects; and

(v) adverse effects on the Target Group's ability to raise additional capital or obtain further financing from banks or financial institutions, for example, due to the shortage of available credit.

Any or a combination of the above factors may adversely impact the Target Group's business, financial condition, prospects, and results of operations.

(c) The Target Group's order books may not be an accurate indicator of its future performance

As of the Latest Practicable Date, the Target Group's outstanding order book is in excess of S$2 billion. The order book reflects contracts secured from customers. These amounts exclude progress payments billed to customers, as well as accrued and other recognised revenue up to the Latest Practicable Date. It is important to note that the order book may not be a reliable predictor of future performance, as it does not account for potential renegotiations, cancellations, or deferrals of orders. Such events, which are inherently uncertain and beyond the Target Group's control, could negatively affect its revenue. Therefore, there is no guarantee that all current orders will convert into revenue.

(d) Cost overruns could adversely affect the Target Group's profitability

In preparation for its projects, the Target Group carries out internal costing and budgetary estimates, which are based on (i) quotations from its suppliers and subcontractors; and (ii) its own estimation of costs. However, unforeseen circumstances such as (A) adverse soil conditions; (B) unfavourable weather conditions; (C) unanticipated construction constraints arising during the course of construction; (D) fluctuations in the cost of labour, raw materials, equipment, logistics and subcontracted services; (E) unanticipated variations in labour and equipment productivity over the term of a contract; and (F) corrective works for poor workmanship, may lead to additional costs not previously factored into the contract value of a project. In addition, some of the Target Group's contracts do not allow for adjustments to the contract value consequent upon a rise in the cost of, amongst others, labour, raw materials, equipment and subcontracted services. Under such circumstances, the cost overruns would have to be absorbed by the Target Group. In such an event, the Target Group's business, financial condition, prospects and results of operations may be adversely affected.

In particular, raw materials are a key component of cost of sales. Commodity prices are volatile, cyclical, market-driven and are largely determined by changes in the supply and demand of industrial commodities and raw materials that are caused by market fluctuations (including inflation) outside the Target Group's control. Accordingly, there is no certainty that the Target Group will be able to purchase the raw materials necessary for its business at commercially reasonable prices. In addition, if there is a supply crisis which impacts the raw materials necessary for the Target Group's business, this may result in delays in the completion of construction of the Target Group's projects or result in the Target Group having to acquire raw materials at higher prices. As a result, the Target Group's profit margin may be reduced, which may in turn affect the profitability of the Target Group's operations in the event the Target Group is not able to pass on the cost overruns to its customers, contractors or subcontractors, find alternative cheaper sources for the necessary raw materials on a timely basis, or obtain extensions for the completion of its construction projects. Furthermore, delays in project completion beyond the scheduled dates may expose the Target Group to liquidated damages payable to the owners of the project.

In addition, the Target Group's projects require heavy use of construction equipment and machinery. Where the Target Group's own equipment is not sufficient to handle its projects and/or new equipment is required for its projects, it may acquire or lease additional equipment from suppliers. In the event of unforeseen delays, to ensure that the project schedule can be met, the Target Group may rent additional equipment and machinery, thereby driving up its project costs. In the event that the Target Group is unable to continue to acquire or lease construction equipment and machinery at prices or rental rates that are within its projected budget, its business, financial condition, prospects and results of operations may be adversely affected.

(e) The Target Group is reliant on foreign labour

The construction industry is highly labour-intensive. As at the Latest Practicable Date, the majority of the Target Group's foreign workers, comprising in excess of 90% of the Target Group's total on-site labour force, are from Bangladesh, India, the People's Republic of China and Myanmar.

Changes in the labour policies of the countries in which the Target Group operates and/or those of the foreign workers' countries of origin may affect the supply and/or cost of foreign labour and cause disruption to the Target Group's operations, delays in the completion of projects and/or increase in project costs. For example, in Singapore, the employment of foreign workers in the construction industry is regulated by the Ministry of Manpower through policy instruments such as the imposition of levies and quotas. Accordingly, the Target Group is susceptible to any increases in such levies and/or the sudden withdrawal of supply of foreign workers, which may in turn negatively impact the Target Group's business, financial condition, prospects and results of operations.

In addition, an increase in levies may increase the Target Group's payroll costs, which may negatively affect its profitability. Similarly, an increase in levies may increase the payroll costs of the Target Group's suppliers and subcontractors, and this may in turn affect their ability to supply the products necessary to the Target Group's business or carry out the works for which they were contracted, thus delaying the completion of, or causing the failure to reach completion of, the Target Group's construction projects. This will result in additional costs for the Target Group and potentially expose the Target Group to the risk of liquidated damages.

Restrictions on the supply of foreign labour may result in the Target Group having to explore alternative and more costly sources of labour for its projects. For example, in a bid to curb the spread of COVID-19, the Singapore government had imposed tighter border controls leading to a shortage of supply of foreign labour in Singapore. In such an event, the Target Group's payroll costs may increase, and its business, financial condition, prospects and results of operations may be materially and adversely affected. Similarly, in the event the foreign worker entitlement of the Target Group's suppliers and/or subcontractors are reduced, the inability by such suppliers or subcontractors to seek alternative sources of labour at similar cost structures may affect their ability to supply the products necessary to the Target Group's business or carry out the works for which they were contracted, thus delaying the completion of, or causing the failure to reach completion of, the Target Group's construction projects. This will result in additional costs for the Target Group and potentially expose the Target Group to the risk of liquidated damages.

(f) The Target Group is required to maintain its BCA gradings for its business in Singapore

Although business entities which are not registered with the BCA are not precluded from conducting business as contractors or suppliers outside the public sector, registration in the Contractors Registration System maintained by the BCA is a pre-requisite to tendering for projects in the Singapore public sector. CES Contractors and CES E&C are currently registered with the BCA under the A1 classification for general building. This is the highest classification tier awarded by the BCA that permits a contractor to tender for public sector projects of an unlimited contract value. Similarly, both CES Contractors and CES Precast currently hold L6 classifications from the BCA, permitting them to bid for public sector precast concrete production contracts of unlimited value. Separately, CES Contractors and CES E&C are registered with BCA under the A2 classification and the B2 classification for civil engineering respectively. The A2 classification allows CES Contractors to tender for public sector projects with a contract value of up to S$105 million while the B2 classification allows CES E&C to tender for public sector projects with a contract value of up to S$16 million. CES_SDC is currently registered with the BCA as an A1 general building (CW01) and civil engineering (CW02) contracting firm and is qualified to tender for public sector contracts with unlimited tender sums. CES_Salcon is registered with the BCA under the L6 classification for mechanical engineering (ME11) and is qualified to tender for public sector contracts with unlimited tender sums. To maintain the Target Group's existing BCA gradings, the Target Group is required to comply with certain requirements prescribed by the BCA.

In the event that the Target Group does not maintain any of its gradings because it fails to comply with any of the requirements laid out by the BCA in respect thereof, the BCA gradings issued to the Target Group may be downgraded. This may in turn reduce the Target Group's tendering capacity in the public sector. In addition, as certain private sector projects also adopt the same minimum grading requirements for their tenders, any downgrade in any of the Target Group's BCA gradings could also affect its tendering capacity in the private sector. In such an event, the Target Group's market reputation, business, financial condition, prospects and results of operations may be adversely affected.

(g) <u>The ability of the Target Group to secure new projects may depend on the Target Group being able to secure performance bond guarantees and other bank facilities</u>

In line with industry practice, certain construction projects in which the Target Group acts as the main contractor requires, amongst other things, a performance bond to be furnished by a bank or an acceptable financial institution to guarantee the Target Group's contractual performance of the project. Generally, the performance bond for such projects covers up to approximately 10.00% of the contract value of the project. In the event that the Target Group defaults in its contractual obligations, the project owner is entitled to call on the bond with the bank or financial institution which may in turn adversely affect the Target Group's liquidity and financial position.

APL has provided corporate guarantees to secure performance bonds from banks or other financial institutions in respect of the Target Group's ongoing projects. There is no assurance that the Target Group can continue to secure performance bonds for its new projects in the future or that the performance bonds may be secured on terms that are acceptable to it or on terms as favourable as those previously obtained. If the Target Group is unable to secure performance bond guarantees from its banks or acceptable financial institutions, it may be unable to secure new projects, and this could have a material adverse effect on its business, financial condition, prospects and results of operations.

Furthermore, the Target Group has approximately S$29.3 million of total borrowings as at 30 June 2024, comprising short-term borrowings of approximately S$23.4 million and long-term borrowings of approximately S$5.9 million. While the Target Group has unutilised banking facilities and available funds, there can be no assurance that the Target Group will be able to refinance its indebtedness, as and when such indebtedness becomes due, on commercially reasonable terms or at all. There is also no assurance that the Target Group will be able to obtain additional financing for its needs either on a short-term or a long-term basis or at all.

(h) The Target Group's business is vulnerable to keen competition, and its performance will depend on its ability to compete effectively against its competitors and adapt to changing market conditions and trends

The Target Group may have to submit competitive bid prices in order to secure tenders in the face of keen competition. If the Target Group has to lower bid prices to compete effectively but also faces higher operating costs from providing competitive and high standards of service quality, this may have an adverse impact on the Target Group's profit margins.

There is no assurance that the Target Group will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by the Target Group to remain competitive may adversely affect its business, financial condition, prospects and results of operations.

(i) The Target Group's financial performance is dependent on securing new projects and the non-cancellation of already secured projects

As most of the Target Group's projects are undertaken on a non-recurring basis, it is critical that the Target Group is able to continuously and consistently secure new projects of similar value and volume. There is no assurance that the Target Group will be able to do so. In the event that the Target Group is not able to continually and consistently secure new projects of similar or higher value and on terms and conditions that are favourable to it, this may have an adverse impact on its business, financial condition, prospects and results of operations. In addition, the scope of work of a project, which is dependent on its scale and complexity, may affect the profit margin of the project. In the event that the Target Group has to subcontract a material portion of the project work to a third-party subcontractor, its profit margins from such projects may be reduced.

Cancellation or delay in the commencement of secured projects due to factors such as changes in the businesses of the Target Group's customers, poor market conditions and lack of funds on the part of the project owners may adversely affect the Target Group. In addition, there may be a gap of time between the completion of a Target Group's project and the commencement of its subsequent projects. Any cancellation or delay of any of the Target Group's projects could lead to idle or excess capacity with respect to the Target Group's resources and/or manpower, and in the event that the Target Group is unable to secure replacement projects on a timely basis, this may adversely affect its business, financial condition, prospects and results of operations.

(j) The Target Group is subject to revenue and profit volatility

The Target Group is vulnerable to revenue volatility which is characteristic of construction companies. The amount of revenue to be recognised in a financial year is dependent on the number, value and stage of completion of the projects undertaken by the Target Group, which in turn depends on various factors, such as the availability of the Target Group's resources, market sentiment, market competition and general economic conditions.

There is no assurance that the amount of revenue from the completion of construction projects will remain comparable every year. In the event there are any reasons that cause the Target Group to undertake fewer or no construction projects or the Target Group experiences any delay in the progress of any projects in the Target Group's portfolio, the Target Group's revenue recognised in a particular year may be adversely affected.

(k) The Target Group is liable for defects or failure in the architectural, structural and mechanical and electrical (**"M&E"**) design for the "Design and Build" projects that it undertakes as the main contractor

For "Design and Build" projects, a single contract is awarded by the developer to the main contractor who is responsible for the architectural, structural and M&E design and construction works of the entire project. External consultants, such as architects and engineers, are always engaged to work on such projects and they will be liable for any defect or failure in the architectural, structural and M&E design of the building arising from their default, as the case may be. However, in the event that such defaults are not sufficiently covered by the professional indemnity insurance taken up by the respective external consultants, the Target Group may be liable to the developer for the residual amount of such defaults.

Similarly, where subcontractors are engaged to work on such projects, each subcontractor will be liable for any defect arising from its default. However, in the event of any loss or damage which arises from the default of the subcontractors engaged by the Target Group, the Target Group, being the main contractor, will nevertheless be liable to the developer for its subcontractors' default, and there is no guarantee that the Target Group will be able to claim the losses back from the subcontractors.

If a developer were to succeed in a claim against the Target Group on the grounds of design defect or failure, such claims may have a material adverse effect on the Target Group's business, financial condition, prospects and results of operations.

(l) <u>The Target Group is subject to credit risks arising from its customers and defaulting counterparties</u>

The nature of the Target Group's construction business is that work is often performed before payment is made, even when progress payments are provided for. For the Target Group's construction business, there is generally a time lag between expenditures incurred and actual payment by customers. This gives rise to credit risk as the financial position of its customers or counterparties may deteriorate over time, and there may be financial losses to the Target Group should there be significant defaults in payments by the Target Group's customers.

In addition, the Target Group may also encounter customers or counterparties who may experience cash flow problems and are unable to pay the Target Group on time or at all. Although the Target Group adopts a policy of only dealing with creditworthy counterparties and the Target Group regularly reviews its credit exposure to its customers, credit risks may nevertheless arise from events or circumstances that are difficult to anticipate or detect, including but not limited to political, social, legal, economic and foreign exchange risks that may have an impact on the Target Group's customers' ability to make timely payment and render the Target Group's enforcement of payments ineffective.

(m) <u>The Target Group's financial performance may be adversely affected in the event of disputes with its customers or subcontractors</u>

Disputes may arise between the Target Group and its customers for various reasons, such as (i) differences in the assessment of acceptable quality standards of workmanship and materials used; (ii) disagreements over the value of work done; or (iii) disputes over contract specifications. Consequently, it is an industry practice for customers to withhold an agreed percentage of the contract sum, typically ranging from 5.00% to 10.00%, as retention monies to defray the costs of instituting any repair works, reconstruction or rectification of imperfections or other faults or defects which may surface or be identified during the defects liability period, which is typically between 12 to 24 months after the official hand-over of a construction project. The Target Group may therefore encounter difficulties in collecting the full sum or any part of the retention monies due and may run the risk of incurring additional costs to make good the repair, rectification or reconstruction works under dispute, which may impact its profit margin or cause the Target Group to suffer losses. In such event, the Target Group's business, financial condition, prospects and results of operations may be adversely affected.

Disputes may also arise from disagreements over the cost of variation orders requested by the Target Group's customers. This is because, in accordance with industry practice, variation orders are normally carried out before the additional charges are agreed upon in order for the construction project to be completed on schedule. However, as the cost of variation orders is not determined beforehand, their basis of valuation may become a source of dispute after the construction project has been completed. In such an event, the Target Group could be required to bear the costs of rejected variation orders or lower agreed variation costs, thereby adversely affecting its business, financial condition, prospects and results of operations.

In the course of the Target Group's construction business, disputes may also arise between the Target Group and its subcontractors for various reasons including (A) defective works; (B) delays in the completion of a project; (C) disputes over contract specifications; and (D) disputes over the final amount payable for work done on a project. It is not uncommon in the Target Group's line of business for claims to be made against the Target Group from time to time by its subcontractors and customers arising from such disputes. In the event that any such claims are successfully made against the Target Group, its results of operations and financial performance may be materially and adversely affected. Any legal proceedings relating to such claims may also have an adverse effect on the Target Group's market reputation.

(n) <u>The Target Group may be affected by accidents and/or violations of workplace safety and health regulatory requirements, and/or violations of environmental regulatory requirements at its worksites</u>

Accidents or mishaps may occur at the worksites of a Target Group's project. Accordingly, in the event that such accidents or mishaps occur, the Target Group may be subject to personal injury claims by workers or other persons who are involved in such accidents or mishaps at the Target Group's worksites during the course of their employment with the Target Group. Depending on the severity of the accident or mishap, the Target Group may be subject to significant claims which are not covered by the Target Group's insurance policies.

Such accidents or mishaps may also severely disrupt the Target Group's operations and lead to a delay in the completion of a project. In the event of such delay, the Target Group may be liable to pay liquidated damages under the construction contracts with its customers. In addition, the Target Group may incur fines and penalties imposed by the relevant government authorities, including by the Ministry of Manpower for any breaches of workplace safety and health regulations on its worksites in Singapore. Any accidents or mishaps may also result in significant damage to the Target Group's premises, machinery or equipment. Accordingly, any accidents or mishaps may have a significant adverse effect on the Target Group's business, financial condition, prospects and results of operations.

Furthermore, in Singapore, the Ministry of Manpower has implemented a demerit points system for the construction sector. All main contractors and subcontractors in the construction sector will be issued with demerit points for breaches under the Workplace Safety and Health Act 2006 of Singapore. The number of demerit points awarded depends on the severity of the infringement. An accumulation of a minimum of 25 demerit points ("**Minimum Debarment Amount**") would immediately trigger debarment of the contractor from employing foreign employees, and the Ministry of Manpower will reject all applications from the contractor for all types of work passes for foreign employees. Each demerit point is valid for 18 months, and the more demerit points accumulated above the Minimum Debarment Amount will result in longer periods of debarment.

The relevant government authorities, including the National Environment Agency, may impose fines and penalties (including stop-work orders) on the Target Group for any violations of environmental regulations at its worksites. In this case, the Target Group's business, financial condition, prospects and results of operations may be materially and adversely affected. In the event that the Target Group is issued stop-work orders, this may severely disrupt its operations and lead to a delay in the completion of a project. These circumstances may generate negative publicity and adversely affect the Target Group's market reputation, and may also have a material adverse impact on the Target Group's business, financial condition, prospects and results of operations.

(o) The Target Group's business is dependent on the services of its suppliers and subcontractors

The Target Group purchases its raw materials and/or acquires or leases equipment from its suppliers for its construction projects. The Target Group also engages subcontractors to provide various services for its construction projects, including (i) piling and foundation works; (ii) structural works; (iii) architectural works; (iv) M&E installation; (v) utilities installation; (vi) interior decoration; and (vii) any other specialist work. These suppliers and subcontractors are selected based on, amongst other things, their (A) past working experience with the Target Group; (B) competitiveness in terms of their pricing; and (C) the quality of their past performance and services. The Target Group cannot be assured that the products and services rendered by suppliers and subcontractors will be satisfactory to it or that they will meet the quality requirements in relation to each project. In the event of any loss or damage which arises from the default of the suppliers or subcontractors engaged by the Target Group, the Target Group, being the main contractor, will be liable to bear the losses arising from such default if it is unable to recover such losses from its suppliers or subcontractors. Furthermore, these suppliers or subcontractors may experience financial and/or other difficulties that may affect their ability to supply the products or carry out the work for which they were contracted. This may in turn delay the completion of or result in the failure to complete the Target Group's construction projects, exposing the Target Group to additional costs and the risk of liquidated damages. Any of these factors could result in a material adverse effect on the Target Group's business, financial condition, prospects and results of operations.

(p) Future acquisitions, joint ventures or other arrangements may expose the Target Group to increased risks

The Target Group expects that it may from time to time, as a matter of business strategy, expand its business through the formation of joint ventures, strategic alliances, partnerships or other structures. Acquisitions that the Target Group may make, along with potential joint ventures and other investments, may expose the Target Group to additional business and operating risks and uncertainties, including:

(i) the inability of the Target Group to exercise control over strategic decisions made by these companies;

(ii) time and resources expended to coordinate internal systems, controls, procedures and policies;

(iii) the potential loss of key employees and customers of the acquired businesses; and

(iv) exposure to unknown liabilities.

The Target Group may also face the risk that its joint venture partners are unable or unwilling to fulfil their obligations under the relevant joint venture agreements, including the possibility of the joint venture partners failing to perform because they do not possess adequate experience or the skill sets expected of them. The Target Group's joint venture partners may also experience financial or other difficulties, which may affect their ability to carry out their contractual obligations, thus resulting in additional costs to the Target Group.

There is no assurance that such acquisitions, joint ventures, strategic alliances and partnerships will be successful. If the Target Group is unable to successfully implement the Target Group's growth strategy or address the risks associated with the Target Group's acquisitions, joint ventures, strategic alliances and partnerships, or if the Target Group encounters unforeseen difficulties, complications or delays frequently encountered in connection with the integration of acquired businesses and the expansion of operations, or if the Target Group fails to achieve acquisition synergies, the Target Group's business, financial performance, financial condition and operating cash flow may be materially and adversely affected.

Political uncertainties or new government regulations such as restrictions on ownership can also result in a decline in the value of the Target Group's investments in its joint ventures or a loss in its ability to influence the management of the joint venture companies. There is no assurance that the Target Group will not encounter such business risks which, if financially material, may have an adverse effect on the Target Group's business, financial condition, prospects and results of operations.

(q) The Target Group's future plans may not be commercially successful

The Target Group's future plans, including those that are set out under paragraph 12.9 of this Circular, may not be commercially successful.

The Target Group's ability to successfully pursue new growth opportunities will depend on, amongst other things, its continued ability to (i) secure new project tenders and/or awards; (ii) identify technologies and/or work processes which may improve the Target Group's operations; and/or (iii) identify suitable collaborations and opportunities. A failure by the Target Group to successfully implement its strategy may have a material adverse effect on the Target Group's business, financial condition, prospects and results of operations.

In addition, expansion plans generally involve numerous risks, including but not limited to, the financial costs of setting up new business units and working capital requirements. Such expansion plans may be expensive and may divert the attention of the Target Group's management and expose its business to unforeseen liabilities or risks associated with entering new markets or new businesses.

The Target Group may also not be successful in integrating its new businesses, products or technologies and may not achieve the anticipated synergies for revenue growth and cost benefits. If it fails to achieve a sufficient level of revenue or if its expansion plans result in the incurrence of debt, contingent liabilities, impairment charges related to goodwill or other intangible assets or any other unanticipated events or circumstances, its future financial position and performance may be materially and adversely affected.

If the Target Group fails to implement its future plans successfully, it may not be able to recover its investment and the Target Group's business, financial condition, prospects and results of operations may be adversely affected.

(r) Excessive warranty claims may adversely affect the Target Group's financial position

The Target Group provides limited warranties for some of its construction projects for a standard period of up to 10 years in relation to certain aspects of the project. The limited warranty typically covers defects and any premature wear and tear of the workmanship and materials used in the projects. The costs of the rectification and repair works covered under the limited warranty will be borne by the Target Group and will not be chargeable to the Target Group's customers. Accordingly, excessive warranty claims for rectification and repair works may have an adverse effect on the Target Group's business, financial condition, prospects and results of operations.

(s) The Target Group may be involved in legal and other proceedings from time to time

From time to time, the Target Group may be involved in disputes with various parties such as its contractors, subcontractors, consultants, suppliers and other partners.

These disputes may lead to legal and other proceedings, and may cause the Target Group to suffer additional costs and delays in, amongst other things, construction timelines or the commencement of its business operations. In addition, the Target Group may encounter disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses and delay the construction of its projects or disruption to its business operations. There can be no assurance that these disputes will be settled on favourable or reasonable terms, or at all, and in such situations, the Target Group's business, financial condition, prospects and results of operations may be adversely affected.

(t) The Target Group's performance may be affected by its ability to attract and retain high quality personnel

The Target Group's future performance depends largely on its ability to attract, train, retain and motivate high quality personnel, especially with respect to its management and technical teams. The loss of key employees without suitable and timely replacements or the inability to attract high quality personnel may have a material adverse effect on the Target Group's business, financial condition, prospects and results of operations.

(u) The Target Group's financial statements are subject to changes in accounting standards

The Singapore Accounting Standards Council may issue new and revised accounting standards and pronouncements from time to time. Applying such standards and pronouncements to the Target Group's financial statements may result in a change in the presentation and measurement of financial information, and thus may result in a change in the way the Target Group records its revenues, expenses, assets, liabilities or reserves.

The Target Group cannot predict the impact of changes in accounting standards and pronouncements. Such changes could adversely affect the Target Group's reported financial results and positions and adversely affect the comparability of the Target Group's future financial statements with those relating to prior periods.

16.2 **Risks Relating to the Proposed Transaction**

(a) There is no assurance that the market price for the Shares will not be subject to significant fluctuation or will trade at the valuation of the Proposed Transaction

There is no assurance that the market price for the Shares will not fluctuate significantly and rapidly as a result of certain factors, some which are beyond the control of the Enlarged Group. Examples of such factors include, *inter alia*, (i) variations of the Enlarged Group's operating results; (ii) additions or departures of key personnel; (iii) fluctuations in general stock market prices and volume; (iv) involvement in litigation or other legal proceedings or processes; (v) changes or uncertainty in the political, economic and regulatory environment in the markets that the Enlarged Group operates; (vi) gain or loss of important business or other relationships; (vii) announcements by the Enlarged Group or its competitors of significant contracts, acquisitions, strategic alliances, partnerships, joint ventures, capital commitments or new products or services offered by the Enlarged Group or its competitors; and (viii) the success or failure of the Enlarged Group's management team in implementing business and growth strategies.

(b) <u>The ultimate controlling shareholders of the Company will increase their effective interest in the Enlarged Group which will allow them to exert significant control and influence over the outcome of matters requiring Shareholders' approval</u>

Following Completion and the completion of the Tang Restructuring, APL will hold approximately 65.43%[55] of the enlarged issued share capital of the Company. GT and CT collectively own 100.00% of the issued share capital of APL. Accordingly, GT and CT will be deemed interested in the Shares held by APL.

GT and CT (through APL) will be able to significantly control and influence the corporate actions of the Company which may not be in line with the interests of the public Shareholders. APL will also have veto power in relation to any shareholder action or approval requiring a majority vote except in situations where it is required by the Listing Manual, the SGX-ST or undertakings given by it or its associates to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of the Company which may not benefit the Shareholders.

(c) <u>Share price may be adversely affected by negative publicity</u>

Any negative publicity or announcements relating to the Group, any of the Directors, Proposed Executive Officers or Substantial Shareholders of the Company may adversely affect the stock market's perception of the Company, whether or not this is justified.

(d) <u>The SPA contains provisions granting the parties termination rights thereunder</u>

There is no certainty that the Proposed Transaction contemplated under the SPA will successfully complete. As set out under paragraph 3.2(c) of this Circular, Completion is subject to the fulfilment or waiver (as the case may be) of all the Conditions, including the passing of the Whitewash Resolution and the Whitewash Waiver granted by SIC not being revoked or repealed. In the event any of the Conditions fail to be fulfilled or waived (as applicable) by the long-stop date stated in the SPA, this would give rise to a right to terminate at the election of the relevant party.

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[55] Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

In addition, the SPA provides APL and the Company with the right to deliver to the other party supplemental disclosures that would constitute exceptions to certain warranties given by each party under the SPA, at any time after the date of the SPA but a fixed number of days prior to the Completion Date. The receiving party of any supplemental disclosures has the right to either accept or reject such disclosures. In the event that a matter disclosed in a rejected supplemental disclosure would constitute a breach of warranty that would result in a Material Adverse Change, the receiving party of such disclosure will have the right to terminate the SPA.

17. GENERAL INFORMATION

17.1 Share Capital

As at the Latest Practicable Date, the Company's authorised share capital is US$500,000,000 divided into 50,000,000,000 Shares of par value US$0.01 each, and there are 1,128,657,445 Shares in the capital of the Company that are issued and outstanding. The issued share capital of the Company, amounting to S$27,916,000, was initially determined using the fair value of issued equity before the reverse takeover in 2013 and subsequently adjusted during a capital reduction exercise in 2016.

17.2 Past and Present Directorships

The present and past directorships of each Proposed New Director and Proposed Executive Officer of the Enlarged Group held in the five (5) years preceding the Latest Practicable Date are set out below.

S/N	Name	Present Directorships	Past Directorships for the last 5 years
A. Proposed New Directors			
1.	RC	• Acrophyte Pte. Ltd. • CES Properties (Tai Seng) Pte. Ltd. • Momentus Hospitality Pte. Ltd. • Momentus Hotels and Resorts Pte. Ltd. • PRE 13 Pte. Ltd. • CEL Shenton Pte. Ltd. • SingHaiyi Hospitality Management Pte. Ltd. • Sophia Commercial Pte. Ltd. • Sophia Residential Pte. Ltd. • Maxwell Commercial Pte. Ltd. • Maxwell Residential Pte. Ltd. • SingHaiyi Holdings Pte. Ltd. • CES-Vietnam Holdings Pte. Ltd.	Nil

		• CES Park (Maldives) Pte. Ltd. • Chip Eng Seng Construction Pte. Ltd. • SingHaiyi Capital Holdings Pte. Ltd. • SingHaiyi Hospitality Pte. Ltd. • CEL Real Estate Development Pte. Ltd. • CEL Unique Development Pte. Ltd. • CEL Property Development Pte. Ltd. • CES Education Pte. Ltd. • CEL Unique Pte. Ltd. • CEL Unique Holdings Pte. Ltd. • Fernvale Development Pte. Ltd. • CEL-Changi Pte. Ltd. • CES Treasury Pte. Ltd. • CEL Newton Pte. Ltd. • Angel Investment Management Pte. Ltd. • Corporate Bridge International Pte. Ltd. • Corporate Bridge Pte. Ltd. • Grand Dunman Pte. Ltd. • 9PR Pte. Ltd. • Phoenix 99 Pte. Ltd. • Phoenix Real Estate Pte. Ltd. • PRE 16 Pte. Ltd. • SingHaiyi Capital Pte. Ltd. • Sing-Haiyi Crystal Pte. Ltd. • SingHaiyi Development Pte. Ltd. • Sing-Haiyi Emerald Pte. Ltd. • Sing-Haiyi Gold Pte. Ltd. • SingHaiyi Group Pte. Ltd. • SingHaiyi Huajiang Amber Pte. Ltd. • SingHaiyi Huajiang Sun Pte. Ltd. • SingHaiyi Investments Pte. Ltd. • Sing-Haiyi Jade Pte. Ltd. • SingHaiyi Land Pte. Ltd. • Sing-Haiyi Pearl Pte. Ltd. • SingHaiyi Properties Pte. Ltd. • SingHaiyi Realtors Pte. Ltd. • SingHaiyi Realty Pte. Ltd. • SingHaiyi Travel Holdings Pte. Ltd. • Sing-Haiyi Treasure Pte. Ltd. • SingXpress Kaylim Pte. Ltd. • SingXpress Land (Pasir Ris) Pte. Ltd. • SingHaiyi Property Development Pte. Ltd. • SXL Model Productions Pte. Ltd.	

		• GRC Pacific Pte. Ltd. • SingHaiyi Tropical (Maldives) Pte. Ltd. • Lakeside Residential Pte. Ltd. • SingHaiyi Property Investment Pte. Ltd. • SingHaiyi Property Investment (Australia) Pte. Ltd. • Ren Ci Hospital • The Tang Foundation Ltd. • CEL Australia Pty Ltd • CES Pirie Hotel (SA) Pty Ltd • Roxy-SingHaiyi (NZ) Limited • CES Park Kodhipparu Pvt Ltd • Samarafushi Pvt Ltd	
2.	Michael Tong Chiew	• Wei Er Capital Pte. Ltd. • Huijin Holding Pte. Ltd. • Sing Peace Culture Hong Kong Limited • Mendao Pte. Ltd. • Newport Noble Pte. Ltd. • Cereign Pharmaceuticals Limited • Man Power Investment Limited	• SG-Medical Promotive Association Pte. Ltd. • Sing Peace Cultural (Singapore) Pte. Limited • Singapore Aerotech Resource Centre Pte. Ltd.
3.	Tang Jialin	• Atbara Holdings Private Limited • SingHaiyi Holdings Pte. Ltd. • SingHaiyi Development Pte. Ltd. • SingHaiyi Alexandra Pte. Ltd. • SingHaiyi Property Investment Pte. Ltd. • SingHaiyi Property Investment (Australia) Pte. Ltd. • SingHaiyi Investments Pte. Ltd. • SingHaiyi Hospitality Management Pte. Ltd. • Gordon Tang Foundation Limited • SingHaiyi Capital Holdings Pte. Ltd. • SingHaiyi Hospitality Pte. Ltd. • CES Hotels (Australia) Pte. Ltd. • SingHaiyi Property Investment (New Zealand) Pte. Ltd. • Sing-Haiyi Crystal Pte. Ltd. • SingHaiyi Hotels (Maldives) Pte. Ltd.	Nil

		• SingHaiyi Tropical (Maldives) Pte. Ltd. • Maxwell Commercial Pte. Ltd. • Maxwell Residential Pte. Ltd. • Sophia Commercial Pte. Ltd. • Sophia Residential Pte. Ltd. • CEL Shenton Pte. Ltd. • Sing-Haiyi Jade Pte. Ltd. • Sing-Haiyi Pearl Pte. Ltd. • Grand Dunman Pte. Ltd. • Momentus Hospitality Pte. Ltd. • Momentus Hotels and Resorts Pte. Ltd. • Lakeside Residential Pte. Ltd. • GRC Pacific Pte. Ltd. • CEL Australia Pty Ltd • CEL Darwin Hotel Pty Ltd • Samarafushi Pvt Ltd • GRC Holdings (Australia) Pty Ltd • CES Education Pte. Ltd. • Roxy-SingHaiyi (NZ) Limited • Sing-Ed Corporation Pte. Ltd. • Alpha Education Pte. Ltd. • Sing-Haiyi Garnet Pte. Ltd.	
4.	Abdul Jabbar Bin Karam Din	• Aghaby Holding Pte. Ltd. • Aghaby Investments Pte. Ltd. • Aghaby Operations Pte. Ltd. • Bloomar Holding Pte. Ltd. • Bracco Diagnostics Asia Pte Ltd • Global Investments Limited • Gratus Holding Pte. Ltd. • Gratus Investments Pte. Ltd. • Hartford Steam Boiler (Singapore) Pte Ltd • ISCA Cares Limited • Ivy Mobile Technologies Pte. Ltd. • R & T Corporate Services Pte. Ltd. • RTA Collab Capital Pte. Ltd. • The Majurity Trust Limited • The Tang Foundation Ltd. • EHBM Holding Pte. Ltd.	• Acist Asia Pte. Ltd. • N A Cold Storages Pte. Ltd. • Ray of Hope • Honey Crisps Pte. Ltd. • Rising Phoenix 1 Pte. Ltd. • Rising Phoenix 2 Pte. Ltd. • Rising Phoenix 3 Pte. Ltd. • Ginkgo Valley Pte. Ltd. • APL • PT Anugrah Neo Energy Materials

5.	Neo Boon Siong	• St Luke's Eldercare Ltd. • Wealth Management Institute Limited • Wealth Management Institute International Pte. Ltd. • Resource Exchange International (Singapore) Ltd.	• Keppel Telecommunications & Transportation Ltd • APL
6.	Low Teck Seng	• Key ASIC Berhad • UCrest Berhad • PUB, Singapore National Water Agency • NRF Holdings Pte. Ltd. • Revantha Technologies Pte. Ltd. • Xora Innovation Pte. Ltd. • The Trendlines Group Ltd. • Graduate Investment Private Limited • Temasek Lifesciences Accelerator Pte. Ltd. • PC Partner Group Limited • The Tang Foundation Ltd. • Singapore Maritime Institute	• ISEC Healthcare Ltd. • ExcelPoint Technology Pte. Ltd. • TUM Create Limited • APL • IEEE Asia-Pacific Limited • DSO National Laboratories • Cambridge Centre for Advanced Research and Education in Singapore Ltd. • PUB Consultants Private Limited • Singapore Innovate Pte. Ltd.
7.	Shng Yunn Chinn	Roaring Bear Pte. Ltd.	Nil
B. Proposed Executive Officers			
1.	Yeo Siang Thong	• CES Contractors • CES E&C • CES Building and Construction Pte. Ltd. • CES_SDC • CES INNOVFAB • CES Precast	Nil

		• CES-Precast Sdn. Bhd. • Eura • Genswitch Solutions Private Limited • Chip Eng Seng Construction Pte. Ltd. • CES_Salcon • Sanitus	
2.	Kenny Yong Shan Siong	Nil	Nil
3.	Ling Lay Peng Karen	• Eura • GRC Holdings (Australia) Pty Ltd • Sanitus	Nil
4.	Venktaramana s/o V Vijayaragavan	• CES Contractors • CES E&C • CES_SDC • CES_Lodge Pte. Ltd. • CESI (Myanmar) Company Limited	SG HSR Pte. Ltd.
5.	Jonathon Kwok-Wei Lee	• GRC Holdings (Australia) Pty Ltd • GRC Builders (Aus) Pty Ltd • GRC Buxton • Australasian Business Consultants Pty. Ltd. • Halstin Pty Ltd • Migration Connection Pty Ltd	Nil

17.3 **Material Contracts**

Other than contracts in relation to the disposal of real property, which have been previously announced by the Company, the Group has not entered into any material contract, not being a contract entered into in the ordinary course of business, within the two (2) years preceding the Latest Practicable Date.

17.4 **Material Litigation**

As at the Latest Practicable Date, save as disclosed below and in this Circular, the Group is not engaged in any legal or arbitration proceedings (either as plaintiff or defendant) which may have or have had in the 12 months before the date of this Circular, a material effect on the Group's financial position or profitability, and the Directors have no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position of the Group.

By way of loan agreements dated 30 November 2016 and 8 September 2017 (the "**Jadewin Agreements**") entered between the Company, as borrower, and Jadewin Smooth Limited (now in compulsory liquidation) ("**Jadewin**"), as lender, the Company obtained loans of an aggregate principal amount of S$30 million for its general working capital requirements.

The loans under the Jadewin Agreements were secured by way of:

(a) share charges over 30,000,000 issued and fully paid-up ordinary shares in Equalbase Pte. Ltd. (formerly known as Pan Asia Logistics Investments Holdings Pte. Ltd.) granted by OKH Transhub Pte. Ltd. ("**OKH Transhub**"), the Company's wholly-owned subsidiary before it was struck off on 27 March 2023, in favour of Jadewin (the "**EBPL Share Charges**"); and

(b) share charges over 1,938,692 issued and fully paid-up ordinary shares in Amboss Holdings Pte. Ltd. (formerly known as Deltanvil Pte. Ltd. and Pan Asia Logistics Holdings Singapore Pte. Ltd.) granted by Chronoz Investment Holding Pte. Ltd. ("**Chronoz**"), the Company's wholly-owned subsidiary before it was struck off on 27 March 2023, in favour of Jadewin ("**AHPL Share Charges**").

On 19 June 2018, Haiyi Holdings Pte. Ltd. ("**Obligor**"), the Company's controlling shareholder, assumed and took over the Company's repayment obligations (being the principal sum together with all accrued interest thereon) as of 19 June 2018 under the Jadewin Agreements (the "**Jadewin Indebtedness**"). This was pursuant to a term loan agreement dated 19 June 2018 (as amended and supplemented from time to time) entered between the Company, as borrower and the Obligor, as lender (the "**Loan Agreement**").

In connection with the Loan Agreement:

(i) the Company received a deed of release and discharge dated 19 June 2018 (the "**Deed of Release**") duly executed by Jadewin whereby Jadewin fully released and discharged the Company of the Jadewin Indebtedness;

(ii) the EBPL Share Charges were fully released and discharged by way of a deed of release and discharge dated 19 June 2018 duly executed by Jadewin; and

(iii) the AHPL Share Charges were fully released and discharged by way of a deed of release and discharge dated 19 June 2018 duly executed by Jadewin.

The Company fully repaid the loan and accrued interest under the Loan Agreement to the Obligor in or around June 2022.

In response to a letter received from the liquidators of Jadewin (the "**Liquidators**"), the Company confirmed to the Liquidators in or around August 2024 on remittances previously made by Jadewin to the Company in connection with the Jadewin Agreements.

Subsequently, the Liquidators requested the Company to produce various documents related to the Jadewin Indebtedness and raised questions relating to its repayment. In response, the Company furnished the Liquidators with copies of the Deed of Release and the other deeds of release of the EBPL Share Charges and the AHPL Share Charges (collectively, the "**Jadewin Loan Deeds of Discharge**"), evidencing that Jadewin fully released and discharged the Company of the Jadewin Indebtedness.

The Company's position is that it had fully repaid the Jadewin Indebtedness, the Jadewin Indebtedness has been totally discharged and satisfied pursuant to the Jadewin Loan Deeds of Discharge, and there is no basis of any claim against it for the repayment of the Jadewin Indebtedness. To date, the Company has not received any letter of demand for the repayment of the Jadewin Indebtedness.

18. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

18.1 Interests of Directors

The interests of the Directors in the Shares, as recorded in the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date, are set out below.

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)
CT	-	-	500,000,000(2)	44.30	500,000,000	44.30

Notes:

(1) The percentage interest is based on the Company's issued and paid-up share capital of 1,128,657,445 Shares as at the Latest Practicable Date and rounded to two (2) decimal places.

(2) CT is deemed interested in the 500,000,000 Shares held by Haiyi.

18.2 Interests of Substantial Shareholders

The interests of the Substantial Shareholders of the Company in the Shares, as recorded in the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, are set out below.

Substantial Shareholders of the Company	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	**%(1)**	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1)**
Haiyi	500,000,000	44.30	-	-	500,000,000	44.30
GT	-	-	500,000,000(2)	44.30	500,000,000	44.30
CT	-	-	500,000,000(3)	44.30	500,000,000	44.30
Li Lee Yu	63,754,800	5.65	-	-	63,754,800	5.65

Notes:

(1) The percentage interest is based on the Company's issued and paid-up share capital of 1,128,657,445 Shares as at the Latest Practicable Date and rounded to two (2) decimal places.

(2) GT is deemed to be interested in the 500,000,000 Shares held by Haiyi.

(3) CT is deemed to be interested in the 500,000,000 Shares held by Haiyi.

18.3 CT is both a Director and a director of APL. Accordingly, CT has abstained and will abstain on all decisions of the Directors in relation to the Proposed Transaction.

18.4 Mr. Lock Wai Han is a Director and the Chief Executive Officer of the Company and was a director of APL until 30 September 2024. For good corporate governance, he has abstained and will abstain on all decisions of the Directors in relation to the Proposed Transaction.

18.5 Save as disclosed above and in this Circular, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.

19. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED TRANSACTION AND THE PROPOSED WHITEWASH RESOLUTION

Taking into consideration the factors set out in the IFA Letter and subject to the assumptions and qualifications set out in the IFA Letter and taking into account the information available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that:

(a) the Proposed Transaction as an interested person transaction is based on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders; and

(b) the terms of the Proposed Transaction, being the subject of the proposed Whitewash Resolution, are fair and reasonable and the proposed Whitewash Resolution is not prejudicial to the interests of the Independent Shareholders (Whitewash).

Accordingly, the IFA has advised the Recommending Directors to recommend to (i) the Independent Shareholders (Whitewash) to vote in favour of the Whitewash Resolution; and (ii) the Independent Shareholders (IPT) to vote in favour of the Proposed Transaction.

As each Shareholder would have different investment objectives and profiles, any Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. The Recommending Directors wish to highlight that there is no assurance that the price of the Shares will remain at the current levels in the event that the Proposed Transaction proceeds or does not proceed. The historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Shares, which will be governed by, amongst other factors, the performance and prospects of the Group, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

Shareholders should read the following extracts in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix A** to this Circular:

"

a. *<u>Rationale for the Proposed Transaction</u>*

We note that the rationale for the Proposed Transaction, appears to be based on sound commercial grounds, notably the Proposed Issuance will enable the Company to issue the Consideration Shares as full payment to the Vendors for the Proposed Acquisition, in lieu of a cash consideration. This allows the Company to fund the Proposed Acquisition while conserving its cash reserves and/or relieving it of the need to seek additional external borrowing. Additionally, it will also align the interests of the Vendors with the Company and its Shareholders.

b. *<u>Historical Financial Performance and Financial Position of the Target Group</u>*

We note that the Target Group was profitable in FY2021 and FY2022 but made losses in FY2023. However, the Target Group had turned around and recorded a net profit after tax of approximately S$5.4 million in 1H2024.

We note that the Target Group was in a positive working capital position throughout the Review Period, with a positive working capital of S$35.7 million as at 30 June 2024.

Throughout the Review Period, the Target Group was in a net cash position. The net cash position of the Target Group decreased from S$53.3 million as at 31 December

2022 to S$47.5 million as at 31 December 2023 and increased to S$68.1 million as at 30 June 2024. Cash and cash equivalents increased from S$ 79.6 million as at 31 December 2022 to S$85.9 million as at 31 December 2023, to S$97.3 million as at 30 June 2024.

c. <u>Initial Consideration and Final Consideration</u>

We note that the Initial Consideration of S$118,548,000 is subject to the Consideration Adjustment. The Initial Consideration for the Proposed Transaction was arrived at on a willing-buyer willing-seller basis, taking into account inter alia, the NAV of the Group as at 30 June 2024 and the independent valuation of the Target as at 30 June 2024.

We note that based on the Final Consideration formula, if the Final NAV falls below S$68,800,000, the Final Consideration will be reduced by the amount of this shortfall. If the Final NAV is above S$68,800,000, the Final Consideration will still be capped at the Initial Consideration of S$118,548,000.

We note that such Consideration Adjustment is not an uncommon feature used in sale and purchase agreements whereby there is a time duration between the signing date of the sales and purchase agreement and the completion date of the acquisition to adjust the consideration paid for the target for any changes in the target's financial position or performance from the signing date to the completion date.

d. <u>Valuation of the Target Group by the Independent Valuer</u>

We note that the Independent Valuer has the relevant experience and track record acting as independent valuer for similar transactions involving SGX-ST listed companies. The Independent Valuer had carried out the valuation in accordance with International Valuation Standards (IVS). The valuation was on the basis of "market value" defined under the International Valuation Standards.

The market value range computed for the Target Group as at the Valuation Date is between S$115.3 to S$128.4 million, and at an average of S$121.8 million; and

We note that the Initial Consideration of S$118.5 million is within range of the market value as appraised by the Independent Valuer and is at approximately S$3.3 million or 2.7% discount to the average valuation for the Target Group of S$121.8 million.

The Independent Valuer confirms that there have been no events from the date of issuance of the valuation report (being 12 November 2024) to 31 December 2024 which would as at 31 December 2024 result in a material and adverse impact to the 30 June 2024 Valuation, and the Board confirms that to the best of their knowledge and belief, there have been no events from the date of issuance of the valuation report (being 12 November 2024) to 31 December 2024 which would as at 31 December 2024 result in a material and adverse impact to the 30 June 2024 Valuation.

e. *<u>Comparison of Target Group's valuation ratios against Comparable Construction Companies</u>*

Comparisons against the PER and EV/EBITDA for the Target Group for the full year ended 31 December 2023 are not meaningful as the Target Group reported negative earnings for the period;

The PER of 10.9x based on the Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within the range and below the median (more favourable) of the PER of the Comparable Construction Companies;

The EV/EBITDA of 2.1x based on the Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within the range and below the median (more favourable) of the EV/EBITDA of the Comparable Construction Companies;

The P/NAV of 1.7x and 1.6x based on the Initial Consideration for the Target Group as at 31 December 2023 and 30 June 2024 respectively is within range and above the median (less favourable) of the P/NAV of the Comparable Construction Companies;

The P/Sales of 0.2x based on the Initial Consideration for the Target Group as at 31 December 2023 and 30 June 2024 is within range and similar to the median of the P/Sales of the Comparable Construction Companies; and

The earnings-based ratios, namely PER and EV/EBITDA, which we deemed to be more appropriate in our assessment of the Proposed Transaction (as it takes into consideration the profitability and positive cash flows generated by the Target Group) are within range of the Comparable Construction Companies.

f. *<u>Comparison of Target Group's valuation ratios against Precedent Construction M&As</u>*

Comparisons against the PER and EV/EBITDA for the Target Group for the full year ended 31 December 2023 are not meaningful as the Target Group reported negative earnings for the period;

The PER of 10.9x based on the Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within the range and above the median (less favourable) of the PER multiples of the Precedent Construction M&As;

The EV/EBITDA of 2.1x based on Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within range and below the median (more favourable) of the EV/EBITDA multiples of the Precedent Construction M&As;

The P/NAV of 1.7x and 1.6x as at 31 December 2023 and 30 June 2024 respectively based on Initial Consideration for the Target Group is within range and above the median (less favourable) of the P/NAV of the Precedent Construction M&As;

The P/Sales of 0.2x and 0.2x as at 31 December 2023 and 30 June 2024 respectively based on Initial Consideration for the Target Group is within range and below the median (more favourable) of the P/Sales of the Precedent Construction M&As; and

The earnings-based ratios, namely PER and EV/EBITDA, which we deemed to be more appropriate in our assessment of the Proposed Transaction (as it takes into consideration the profitability and positive cash flows generated by the Target Group) are within range of the Precedent Construction M&As.

g. Historical Share Price performance

We note that between 5 December 2021 to the Acquisition Announcement Date, the Shares were traded at a range of between S$0.010 to S$0.036 with an average closing price of S$0.024.

The Issue Price of S$0.0525 is at a significant premium over the historical share prices, ranging between 191.8% and 304.0% to the Last Trading Price and VWAP for the Shares for the period 12-months prior to the Acquisition Announcement Date.

h. Issue Price versus the NAV/NTA per Share

Based on the audited NAV of the Group of S$59.3 million as at 30 June 2024 and the issued share capital of 1,128,657,445 as at Latest Practicable Date, the audited NAV per Share is approximately S$0.05252. The Consideration Shares Issue Price of S$0.05252 is approximately equal to the NAV per Share of the Group.

i. Historical Trailing P/NAV ratio of the Company

The Share price has historically been trading at a discount to the NAV per Share, with a trailing P/NAV ratio of between 0.19x to 0.72x for the 3-year period prior to the Acquisition Announcement Date, an average historical trailing P/NAV ratio of 0.41x over the same period.

The implied P/NAV of 1.0x based on the Issue Price is above the range of the historical trailing P/NAV ratios (more favourable) for the 3-year period prior to the Acquisition Announcement Date.

j. Valuation ratios of the Company as implied by the Issue Price against Comparable Property Development Companies

The P/NAV of 1.0x for the Group as implied by the Issue Price is within the range and above the median (more favourable) of the P/NAV of the Comparable Property Development Companies.

k. *Comparison against precedent acquisitions by SGX-ST listed companies with purchase considerations satisfied by the issuance of new shares (wholly or in part)*

The Issue Price is at a significant premium to the Last Trading Day, one-month VWAP for the Shares and 12-month VWAP for the Shares of approximately 191.8%, 275.1% and 304.0% respectively.

The Issue Price premia is significantly above the range (more favourable) compared to the Precedent Consideration Share Issuances.

l. *Review of pro forma financial effects of the Proposed Transaction*

We note the following pro forma financial effects following the completion of the Proposed Transaction:

- *the NTA per Share of the Group as at 30 June 2024 will decrease from S$0.0525 per Share to S$0.0367 per Share after the completion of the Proposed Transaction; and*

- *the Group's Earnings per Share for FY2024 (12-months ended 30 June 2024) will decrease from S$0.0032 per Share to a net loss of S$0.0035 per Share after the completion of the Proposed Transaction.*

However, we note that the Target Group has turnaround in 2024 and recorded a net profit (after tax) of approximately S$5.4 million in the first half of 2024 compared to a net loss (after tax) of approximately S$28.1 million in the full year of 2023.

m. *Risk factors*

The Company could be affected by several risks that may related to the Proposed Transaction and the Target Group, as well as those that may generally arise from, inter alia, economical, business, market, legal, regulatory and political factors including the risks set out in Section 16 of the Circular.

n. *Potential dilution on the shareholding interests of current Shareholders (excluding the Vendors and their associates)*

Taking into account the shareholding interests of the Vendors and their associates, the Company will continue to have a public float of more than 10% after the Proposed Issuance.

The collective shareholding interests of the current Shareholders in the Company will be diluted from approximately 55.7% to 18.6% after the Proposed Issuance. In addition, we noted that the Vendors and their associates will hold in aggregate approximately 81.4% of the enlarged share capital of the Company.

o. *Moratorium Shares*

In compliance with the moratorium requirements specified in Rule 1015(3)(c) and Rule 229 of the Listing Manual and imposed by SGX-ST, Haiyi, APL, GT and CT will provide moratorium undertakings in favour of the Company in respect of their entire effective shareholding interest in the Company, the details of which are set out at paragraphs 4.1 to 4.4 of the Circular.

p. *Implications of the proposed Whitewash Resolution to the Independent Shareholders (Whitewash)*

Independent Shareholders (Whitewash) should note that by voting in favour of the proposed Whitewash Resolution, they will be waiving their rights to receive the general offer for all the Shares which the Concert Party Group would otherwise be obliged to make at the highest price paid or agreed to be paid by them for the Shares, as the case may be, in the past six (6) months preceding the allotment and issuance of the Consideration Shares pursuant to the Proposed Acquisition, in accordance with Rule 14 of the Code.

q. *Inter-conditionality of Key Resolutions*

We wish to highlight that Ordinary Resolution 1 (the Proposed Acquisition), Ordinary Resolution 2 (the Proposed Issuance), and Ordinary Resolution 3 (the Whitewash Resolution) are inter-conditional upon the passing of each other. In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried.

r. *Abstentions from voting*

CT, GT, APL, MTC and each of their associates are to abstain from voting (either in person or by proxy) in respect of the resolutions relating to the Proposed Transaction at the SGM to be convened.

Each of Haiyi, RC, MTC, LD and WTT is a person acting in concert with APL for the purposes of Rule 14.1(b) of the Code and is part of the Concert Party Group. Pursuant to condition 4(c) of the Whitewash Waiver granted by the SIC on 19 November 2024, the Concert Party Group and parties not independent of them will abstain from voting on the proposed Whitewash Resolution at the SGM."

20. STATEMENT FROM THE AUDIT COMMITTEE

20.1 Having considered the advice and opinion of the IFA, the Audit Committee concurs with the opinion of the IFA and is of the view that, on balance, the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

20.2 Having reviewed the Proposed Change of Auditor, and after taking into account the suitability of EY, the Enlarged Group's audit requirements and the requirements of the Listing Manual, the Audit Committee recommends the proposed appointment of EY as the new Auditor in place of the outgoing Auditor, BDO, subject to and upon Completion taking place.

21. DIRECTORS' RECOMMENDATIONS

The Directors (save for CT and Mr. Lock Wai Han who have abstained from making certain recommendations as detailed below), having considered and reviewed, amongst other things, the terms of, rationale for, benefits of, and financial effects of the Proposed Transaction, the risk factors and other investment considerations, the valuation report by the Independent Valuer on the Target Group, the advice of the IFA in relation to the Proposed Transaction and the proposed Whitewash Resolution as set out in the IFA Letter, the Audit Committee's recommendations in relation to the Proposed Change of Auditor, the rationale for the Proposed Change of Name and all other relevant facts set out in this Circular, are of the opinion that:

(a) the Proposed Acquisition;

(b) the Proposed Issuance;

(c) the Whitewash Resolution;

(d) the Proposed Appointment;

(e) the Proposed Change of Auditor; and

(f) the Proposed Change of Name;

are in the best interests of the Company and are not prejudicial to the interests of the minority Shareholders. Accordingly, the Directors recommend that Shareholders (which for the purposes of (i) the Proposed Transaction shall mean the Independent Shareholders (IPT); and (ii) the Whitewash Resolution shall mean the Independent Shareholders (Whitewash)) **VOTE IN FAVOUR** of each of the resolutions set out in the Notice of SGM.

CT is interested in and has abstained from making any recommendations in respect of the transactions in sub-paragraphs (a) to (c) above.

Mr. Lock Wai Han has abstained from making any recommendations in respect of the transactions in sub-paragraphs (a) to (c) above.

22. ABSTENTION FROM VOTING

22.1 Concert Party Group to Abstain from Voting

As set out in paragraph 6.1 of this Circular, each of Haiyi, RC, MTC, LD and WTT is a person acting in concert with APL for the purposes of Rule 14.1(b) of the Code and is part of the Concert Party Group. Pursuant to condition 4(c) of the Whitewash Waiver granted by the SIC on 19 November 2024, the Concert Party Group and parties not independent of them will abstain from voting on the proposed Whitewash Resolution at the SGM.

22.2 Abstention from Voting under Rule 919 of the Listing Manual

Under Rule 919 of the Listing Manual, where a meeting is held to obtain shareholders' approval, the interested person and any associate of the interested person must not vote on a resolution in respect of which such person is interested, nor accept appointments as proxies, unless specific instructions as to voting are given. As set out in paragraph 7.1 of this Circular, CT, GT, APL, MTC and each of their associates are to abstain from voting (either in person or by proxy) in respect of the resolutions relating to the Proposed Transaction at the SGM.

23. SPECIAL GENERAL MEETING

23.1 Special General Meeting

The SGM will be held at Furama City Centre, Ballroom 1, Level 5, 60 Eu Tong Sen Street, Singapore 059804 on *3* April 2025 at 2:00 p.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the resolutions set out in the Notice of SGM relating to the following:

(a) Ordinary Resolution 1: the Proposed Acquisition;

(b) Ordinary Resolution 2: the Proposed Issuance;

(c) Ordinary Resolution 3: the Whitewash Resolution;

(d) Ordinary Resolution 4: the appointment of RC as Director;

(e) Ordinary Resolution 5: the appointment of MTC as Director;

(f) Ordinary Resolution 6: the appointment of Mr. Tang Jialin as Director;

(g) Ordinary Resolution 7: the appointment of Mr. Abdul Jabbar Bin Karam Din as Director;

(h) Ordinary Resolution 8: the appointment of Prof. Low Teck Seng as Director;

(i) Ordinary Resolution 9: the appointment of Dr. Neo Boon Siong as Director;

(j) Ordinary Resolution 10: the appointment of Mr. Shng Yunn Chinn as Director;

(k) Ordinary Resolution 11: the Proposed Change of Auditor; and

(l) Special Resolution 1: the Proposed Change of Name.

23.2 **Conditionality of Resolutions**

In voting for the resolutions set out in the Notice of SGM, Shareholders should note that:

(a) each of Ordinary Resolution 1 (*the Proposed Acquisition*), Ordinary Resolution 2 (the *Proposed Issuance*) and Ordinary Resolution 3 (the *Whitewash Resolution*) are inter-conditional upon the passing of each other (the "**Key Resolutions**"); and

(b) Ordinary Resolution 4 (*Appointment of RC as Director*), Ordinary Resolution 5 (*Appointment of MTC as Director*), Ordinary Resolution 6 (*Appointment of Mr. Tang Jialin as Director*), Ordinary Resolution 7 (*Appointment of Mr. Abdul Jabbar Bin Karam Din as Director*), Ordinary Resolution 8 (*Appointment of Prof. Low Teck Seng as Director*), Ordinary Resolution 9 (*Appointment of Dr. Neo Boon Siong as Director*), Ordinary Resolution 10 (*Appointment of Mr. Shng Yunn Chinn as Director*), Ordinary Resolution 11 (*the Proposed Change of Auditor*) and Special Resolution 1 (*the Proposed Change of Name*) are conditional upon the passing of the Key Resolutions and Completion taking place (the "**Conditional Resolutions**"). For the avoidance of doubt, each of the Conditional Resolutions are not inter-conditional upon each other.

This means that if any of the Key Resolutions is not passed, the other Key Resolutions would not be passed, and if any of the Key Resolutions is not passed, the Conditional Resolutions would not be passed.

24. ACTION TO BE TAKEN BY SHAREHOLDERS

Depositors and Appointment of Proxies

Depositors who wish to attend and vote at the SGM and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the SGM supplied by CDP to the Company, may attend as CDP's proxies. Such Depositors who are individuals and who wish to attend the SGM in person need not take any further action and can attend and vote at the SGM without the lodgement of any proxy form. Such Depositors who are unable to attend personally and wish to appoint a nominee or nominees to attend and vote on his behalf, and such Depositors who are not individuals, will find enclosed with this Circular a proxy form (the

"**Proxy Form**") which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the office of the Company's Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 36 Robinson Road, #20-01 City House, Singapore 068877 not less than 48 hours before the time appointed for the holding of the SGM.

25. CONSENTS

25.1 United Overseas Bank Limited, the Financial Adviser, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

25.2 Stirling Coleman Capital Limited, the IFA, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name, the IFA Letter as set out in **Appendix A** to this Circular, and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

25.3 RSM SG Corporate Advisory Pte. Ltd., the Independent Valuer, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name and the Summary Valuation Report set out in **Appendix B** to this Circular, and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

25.4 BDO LLP, the Auditor, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

25.5 In.Corp Corporate Services Pte. Ltd., the Company's Share Transfer Agent, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

25.6 Ernst & Young LLP, the reporting accountants to the Company and the auditors of the Target, has given and not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name, the document titled "*Audited Consolidated Financial Information of the Target Group for FY2021, FY2022 and FY2023, and the unaudited condensed interim consolidated financial information of the Target Group for the financial period of six (6) months ended 30 June 2024*" as set out in **Appendix C** to this Circular, the report titled "*Report on the Unaudited Pro Forma Consolidated Financial information of the Enlarged Group for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024*" as set out in **Appendix D** to this Circular, and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

25.7 Each of WongPartnership LLP (legal adviser to the Company in respect of Singapore law), Conyers Dill & Pearman Pte. Ltd. (legal adviser to the Company in respect of Bermuda law), and Allen & Gledhill LLP (legal adviser to the Target and the Vendors in respect of Singapore law) has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Circular and to act in such in relation to this Circular.

25.8 Each of WongPartnership LLP (legal adviser to the Company in respect of Singapore law), Conyers Dill & Pearman Pte. Ltd. (legal adviser to the Company in respect of Bermuda law), and Allen & Gledhill LLP (legal adviser to the Target and the Vendors in respect of Singapore law) do not make, or purport to make, any statement in this Circular or any statement upon which a statement in this Circular is based, and makes no representation, express or implied, regarding, and to the extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of any statement, information or opinion in or omission from this Circular.

26. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (save for information relating to the Target, the Target Group and the Vendors) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the Whitewash Resolution, the Proposed Appointment, the Proposed Change of Auditor, the Proposed Change of Name and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

27. OTHER RESPONSIBILITY STATEMENTS

The directors of APL, collectively and individually, and the shareholders of Tang Dynasty Treasure, accept full responsibility for the accuracy of the information given in this Circular relating to APL, the Enlarged Group (save for information relating to the Group), the Target and the Target Group and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction and the Whitewash Resolution (in each case insofar as they relate to APL, the Enlarged Group (save for information relating to the Group), the Target and the Target Group), and the directors of APL and the shareholders of Tang Dynasty Treasure are not aware of any facts the omission of which would make any statement in this Circular relating to APL, the Enlarged Group (save for information relating to the Group), the Target and the Target Group misleading. Where information in this Circular relating to APL, the Enlarged Group (save for information relating to the Group), the Target and the Target Group has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of APL and the shareholders of Tang Dynasty Treasure has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Each of RC, MTC, LD and WTT accept full responsibility for the accuracy of the information given in this Circular relating to himself/herself and confirm after making all reasonable enquiries that, to the best of his/her knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction (insofar as they relate to himself/herself), and such Vendor is not aware of any facts the omission of which would make any statement in this Circular relating to himself/herself misleading. Where information in this Circular relating to himself/herself has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of such Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

28. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

UOB, the financial adviser to the Company, confirms that to the best of its knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the Whitewash Resolution, the Proposed Appointment, the Proposed Change of Auditor, the Proposed Change of Name and the Group, and UOB is not aware of any facts the omission of which would make any statement in the document misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of UOB has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

29. INTERESTS OF FINANCIAL ADVISER, INDEPENDENT VALUER AND IFA

In the reasonable opinion of the Directors, save for the Company's relationship with UOB in their capacity as the principal bankers to the Group and as disclosed herein, the Company does not have any material relationship with UOB (as the financial adviser to the Company), RSM SG Corporate Advisory Pte. Ltd. (as the Independent Valuer), and Stirling Coleman Capital Limited (as the IFA to the Company in relation to the proposed Whitewash Resolution).

30. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 171 Chin Swee Road, #02-01 CES Centre, Singapore 169877, during normal business hours for a period of three (3) months from the date of this Circular:

(a) the memorandum of association of the Company and Bye-laws;

(b) the SPA;

(c) the IFA Letter as set out in **Appendix A** of this Circular;

(d) the Summary Valuation Report and the full valuation report dated 12 November 2024 on the Target Group;

(e) the Audited Consolidated Financial Information of the Target Group for FY2021, FY2022 and FY2023, and the unaudited condensed interim consolidated financial information of the Target Group for the financial period of six (6) months ended 30 June 2024 as set out in **Appendix C** to this Circular;

(f) the Report on the Unaudited Pro Forma Consolidated Financial Information of the Enlarged Group for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 as set out in **Appendix D** to this Circular;

(g) the letter from BDO confirming that it is not aware of any professional reasons why the new auditor, EY, should not accept appointment as Auditor pursuant to and in accordance with the requirements of Rule 1203(5) of the Listing Manual;

(h) the BDO Section 89(3A) Statement referred to in paragraph 9.6 of this Circular; and

(i) the letters of consent from UOB, Stirling Coleman Capital Limited, RSM SG Corporate Advisory Pte. Ltd., BDO, In.Corp Corporate Services Pte. Ltd., EY, WongPartnership LLP, Conyers Dill & Pearman Pte. Ltd. and Allen & Gledhill LLP referred to in paragraph 25 of this Circular.

31. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices of this Circular.

Yours faithfully

Hwang Soo Chin
Lead Independent Director

For and on behalf of the Board of Directors of
OKH Global Ltd.

11 March 2025

APPENDIX A

IFA LETTER

LETTER FROM IFA TO THE
RECOMMENDING DIRECTORS OF OKH GLOBAL LTD.

STIRLING COLEMAN CAPITAL LIMITED
(Company registration no.:200105040N)
9 Raffles Place, Level 6
Republic Plaza Tower 1
Singapore 048619

11 March 2025

To: The Recommending Directors (as defined herein) of OKH Global Ltd. (the “**Company**”, and together with its subsidiaries, the **“Group”**)

Dear Sirs

INDEPENDENT FINANCIAL ADVISER’S ADVICE IN RESPECT OF:

(1) THE PROPOSED TRANSACTION (AS DEFINED HEREIN), AS INTERESTED PERSON TRANSACTIONS; AND

(2) THE PROPOSED WHITEWASH RESOLUTION (AS DEFINED HEREIN)

*For the purpose of this letter (the “**Letter**”), capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 11 March 2025 to the Shareholders (as defined herein) of the Company (the “**Circular**”).*

1 INTRODUCTION

As announced on 4 December 2024, the Company had entered into a conditional sale and purchase agreement dated 4 December 2024 (the **“SPA”**) with (a) Acrophyte Pte. Ltd. ("**APL**") (formally known as Chip Eng Seng Corporation Ltd.); (b) Mr. Chia Lee Meng Raymond ("**RC**"); (c) Mr. Michael Tong Chiew ("**MTC**"); (d) Mr. Lin Daqi ("**LD**"); and (e) Ms. Wong Tze Theng ("**WTT**", and together with APL, RC, MTC and LD, collectively, the "**Vendors**", and each, a "**Vendor**") to acquire 132,302,000 ordinary shares (the "**Sale Shares**") representing 100.00% of the issued and paid-up share capital of Chip Eng Seng Construction Pte. Ltd. (the "**Target**", and together with its subsidiaries, collectively, the "**Target Group**") (the “**Proposed Acquisition**”), in consideration for which the Company will allot and issue new ordinary shares of par value US$0.01 each in the Company (the "**Shares**") to the Vendors (the "**Proposed Issuance**", and together with the Proposed Acquisition, the "**Proposed Transaction**").

<u>The Proposed Transaction is an Interested Person Transactions under Chapter 9 of the </u>Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")

The sole shareholder of APL is Tang Dynasty Treasure Pte. Ltd. ("**Tang Dynasty Treasure**"), which in turn is collectively wholly owned by Mr. Gordon Tang ("**GT**") and his spouse, Mrs. Celine Tang ("**CT**"). CT is also the Non-Executive Chairman and Non-Executive Director of APL.

CT and GT are controlling shareholders of the Company as they are deemed interested in Haiyi Holdings Pte. Ltd. (“**Haiyi**”), which is the controlling shareholder of the Company holding 500,000,000 Shares representing approximately 44.30% of the total number of Shares. CT is also a director and the Non-Executive Chairman of the Company. Accordingly, APL is an associate of CT and GT and is regarded as an "interested person" within the meaning of Chapter 9 of the Listing Manual.

Another Vendor, MTC is the brother of GT and accordingly, MTC is an associate of GT and is regarded as an "interested person" within the meaning of Chapter 9 of the Listing Manual.

The Proposed Transaction constitutes an "Interested Person Transaction" and a "Very Substantial Acquisition" under Chapter 9 and Chapter 10 of the Listing Manual respectively. Accordingly, the Proposed Transaction will be subject to, *inter alia*, the approval of the SGX-ST and the shareholders of the Company (the "**Shareholders**") at a special general meeting ("**SGM**") to be convened. The Proposed Issuance will be undertaken in accordance with Chapter 8 of the Listing Manual.

On 28 February 2025, the SGX-ST granted its approval in-principle for the Proposed Acquisition, a very substantial acquisition, and the listing and quotation of the Consideration Shares, subject to conditions set out in **Section 5** of the Circular.

<u>The proposed Whitewash Resolution</u>

For the purposes of Rule 14.1(b) of the Singapore Code on Take-overs and Mergers (the "**Code**"), persons acting in concert with APL (together with APL, collectively, the "**Concert Party Group**") include Haiyi, RC, MTC, LD and WTT.

As at the date of this Letter, the aggregate shareholding of the Concert Party Group in the Company is approximately 44.30%. Based on the Proposed Issuance, APL's resultant shareholding in the Company upon completion of the Proposed Transaction will be approximately 65.43%, and the aggregate shareholding of the Concert Party Group will be approximately 81.43% upon completion of the Proposed Transaction.

Unless otherwise waived by Securities Industry Council ("**SIC**"), the Concert Party Group will be required under Rule 14.1(b) of the Code to make a mandatory general offer for the Shares not already owned or controlled by them.

An application was made to the SIC for a waiver (the "**Waiver**") of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code as a result of the increase in their shareholding in the Company pursuant to the Proposed Transaction, subject to the receipt of approval from Shareholders to waive their rights to receive a takeover offer for their Shares as a result of the increase in shareholding in the Company of the Concert Party Group pursuant to the Proposed Transaction (the "**Whitewash Resolution**"). The Waiver was granted by SIC on 19 November 2024 subject to, *inter alia*, the Whitewash Resolution being passed and approved by Independent Shareholders (Whitewash). On 27 February 2025, the SIC granted an extension to the deadline for the approval of the Whitewash Resolution at the SGM to 19 April 2025.

Stirling Coleman Capital Limited has been appointed as the independent financial advisor (the "**IFA**") pursuant to Listing Rule 921(4)(a) as well as to advise the directors of the Company who are deemed to be independent for the purposes of making recommendations to the Shareholders in relation to the Proposed Transaction and Whitewash Resolution (the "**Recommending Directors**"). We note from the Circular that the Directors who are considered independent for the purposes of making a recommendation to Shareholders in respect of the Proposed Transaction and Whitewash Resolution are Mr. Ong Soon Teik, Mr. Lim Eng Hoe, Ms. Ng Kheng Choo, Mr. Hwang Soo Chin and Mr. Yeo Gek Leong Clarence.

2 TERMS OF REFERENCE

We have prepared this Letter pursuant to Listing Rule 921(4)(a) as well as for the use of Recommending Directors in connection with their consideration of the Proposed Transaction and the Whitewash Resolution and their advice and recommendations to the Independent Shareholders (IPT) and Independent Shareholders (Whitewash) in respect thereof. The recommendations made to the Independent Shareholders (IPT) and Independent Shareholders (Whitewash) in relation to the Proposed Acquisition and the Whitewash Resolution respectively, remains the responsibility of the Recommending Directors.

This Letter sets out, *inter alia*, our views and evaluation on:

(i) whether the Proposed Transaction (comprising the Proposed Acquisition and the Proposed Issuance) as an interested person transaction is on normal commercial terms and whether it is prejudicial to the interests of the Company and its minority Shareholders; and

(ii) whether the financial terms of the Proposed Transaction, being the subject of the Whitewash Resolution are fair and reasonable and whether the Whitewash Resolution is prejudicial to the interests of Independent Shareholders (Whitewash).

We were not involved in the deliberations leading up to the decision by the Company to enter into the Proposed Transaction or the Whitewash Resolution, and we do not, by this Letter or otherwise, advise or form any judgment on the merits of the Proposed Transaction or the Whitewash Resolution other than to form an opinion as described above.

In formulating our opinion and recommendation, we have held discussions with the Directors and management of the Company (the "**Management**") and have examined publicly available information and we have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers.

We have relied upon the assurance of the Directors and the Management that all statements of fact, opinion and intention made by the Directors and the Management in the Circular have been reasonably made after due and careful enquiry. We have also relied upon the assurance of the Vendors that all statements of fact, opinion and intention made by them relating to the Vendors and the Target Group as well as any other information relating to the Vendor and the Target Group in the Circular have been reasonably made after due and careful enquiry. We have not independently verified such information but have made such reasonable enquiries and exercised our judgement as we deemed appropriate on such information and have no reason to doubt the accuracy or reliability of the information used for the purposes of our evaluation. Accordingly, we cannot and do not expressly and impliedly represent or warrant, and do not accept any responsibility for the accuracy, or completeness or adequacy of such information or the way it has been classified or presented or the basis of any valuation which may have been included in the Circular or announced by the Company. The information which we relied on were based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date and may change significantly over a relatively short period of time. Accordingly, we do not express an opinion herein as to the prices at which the Shares of the Company may trade upon or after the completion of the Proposed Transaction and the Whitewash Resolution.

We have not made an independent evaluation or appraisal of the assets and liabilities (including without limitation, real property, machinery, and equipment) of the Target Group or the Proposed Transaction, and we have not been furnished with any such evaluation or appraisal except for the relevant valuation reports by RSM SG Corporate Advisory Pte. Ltd. (the "**Independent Valuer**"). We are not experts in the evaluation or appraisal of assets and liabilities or the determination of the market value ("**Market Value**") of the Target Group and have relied solely on the Independent Valuer in this respect, which we have drawn reference to in this Letter.

In rendering our services, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise you to recommend that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter).

Our recommendation in respect of the Proposed Transaction and the Whitewash Resolution as set out in Sections 6.4 and 7.3 of the Circular, should be considered in the context of the entirety

of this Letter and the Circular. Where information in this Letter has been extracted from the Circular, Shareholders are urged to read the corresponding sections in the Circular carefully.

3 INFORMATION RELATING TO THE TARGET GROUP AND THE VENDORS

The information relating to the Target Group and Vendors are set out in **Section 2** of the Circular, relevant extracts of which are reproduced below.

3.1 Information on the Target Group

"The Target Group is an established homegrown construction group in Singapore.

*The Target Group had its beginnings as a subcontractor of conventional landed properties in the 1960s. It subsequently established its track record as a main contractor of public housing projects in Singapore. Its most recognisable and iconic public housing project is the Pinnacle @ Duxton. In 2006, the Target Group expanded into precast concrete works and prefabricated prefinished volumetric construction ("**PPVC**") businesses. In more recent years, the Target Group further extended the range of its civil infrastructure and environmental capabilities through acquisitions of companies specialised in these areas and by forming joint ventures between different subsidiaries within the Target Group and third parties. Doing so has allowed the Target Group to effectively harness the expertise and capabilities across different areas of specialisation required for projects and to participate and compete in tenders for a broader range of engineering, procurement and construction projects (including building, civil engineering and infrastructure projects), which are of larger scale and/or higher value. More recently in January 2024, the Target Group also formed a joint venture in Australia to undertake construction projects in Australia.*

Through organic growth and strategic acquisitions and investments, the Target Group has steadily enhanced its competencies to now include: (a) building construction; (b) building construction in Australia; (c) civil infrastructure; (d) environmental and sustainability; (e) prefabrication technology; and (f) procurement. The outstanding order book for all the business segments in the Target Group is in excess of S$2 billion as at 30 June 2024.

*The Target is a private company limited by shares incorporated in Singapore on 27 October 2015. As at the Latest Practicable Date, the Target has an issued and paid-up share capital of S$127,221,680 comprising 132,302,000 issued and fully paid-up ordinary shares ("**Target Shares**"). The entire issued and paid-up share capital of the Target is collectively held by the Vendors, and the number of Target Shares held by each Vendor and their approximate proportion of the total number of Target Shares are as follows:*

Vendor	*Number of Target Shares*	*Approximate proportion of the total number of Target Shares(1)(2)*
APL	*100,550,000*	*76.00%*
RC	*15,876,000*	*12.00%*
MTC	*13,230,000*	*10.00%*
LD	*1,984,500*	*1.50%*
WTT	*661,500*	*0.50%*
Total	***132,302,000***	***100.00%***

Notes:

(1) Based on the Target's issued and paid-up share capital of 132,302,000 Target Shares as at the Latest Practicable Date and rounded to two (2) decimal places.

(2) In the Circular, any discrepancies between the listed percentages and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

As at the Latest Practicable Date, the directors of the Target are as follows:

(a) RC; and

(b) Mr. Yeo Siang Thong."

Further information on the Target Group including (i) principal business divisions (ii) achievements and accolades and (iii) financial information of the Target Group are set out in **Sections 2.1 to 2.3** and **Appendix C and G** to the Circular.

3.2 Information on the Vendors

"

(a) APL

*APL is a private company limited by shares incorporated in Singapore on 23 October 1998. As at the Latest Practicable Date, APL has an issued and paid-up share capital of S$178,287,924.10 comprising 824,018,676 ordinary shares (including 38,693,900 treasury shares), and the sole shareholder of APL is Tang Dynasty Treasure Pte. Ltd. ("**Tang Dynasty Treasure**"). Tang Dynasty Treasure is collectively wholly owned by Mr. Gordon Tang ("**GT**") and his spouse, Mrs. Celine Tang ("**CT**"). Each of CT and GT is a director of Tang Dynasty Treasure.*

Apart from the businesses of the Target Group, APL has businesses in property development and investment, hospitality and education. APL was delisted from the Mainboard of the SGX-ST on 11 April 2023.

As at the Latest Practicable Date, the directors of APL are as follows:

(i) RC; and

(ii) CT.

(b) Other Vendors

*RC, MTC, LD and WTT (collectively, the "**Other Vendors**", and each, an "**Other Vendor**") each hold shares in the Target. Further information in relation to each Other Vendor is as follows:*

(i) RC is an executive director of APL and the group chief executive officer of APL. RC is also a director of the Target;

(ii) MTC is the brother of GT; and

(iii) each of LD and WTT is:

*(A) a director of certain subsidiaries of Haiyi Holdings Pte. Ltd. ("**Haiyi**"), which are collectively wholly owned by GT and CT, and/or certain entities controlled by CT and GT (other than through Haiyi); and*

(B) a senior management personnel of Haiyi, where:

(1) LD is Haiyi's investment management personnel. LD is responsible for evaluating and executing investments undertaken by Haiyi; and

(2) WTT is the executive secretary to GT. She has overall responsibility for office administration, building and maintaining relationships with key stakeholders and spearheading new business ventures in the areas of commodities trading and sports."

4 THE PROPOSED TRANSACTION

The information relating to the Proposed Transaction is set out in **Section 3** of the Circular, relevant extracts of which are reproduced below.

4.1 Principal Terms of the Proposed Transaction

"

(a) *Consideration*

*The consideration for the purchase of all the Sale Shares is S$118,548,000 (the "**Initial Consideration**"), subject to the adjustment mechanism agreed between the Company and the Vendors in the SPA, pursuant to which the Initial Consideration of S$118,548,000 payable by the Company to the Vendors for the Proposed Acquisition shall be adjusted to take into account the NAV of the Target Group as at the date falling five (5) Business Days before the Completion Date (the "**Consideration Adjustment**", and the amount of consideration after any adjustment (if applicable), being the "**Final Consideration**"). Further details of the Consideration Adjustment are set out in paragraph 3.2(b) of the Circular.*

The Initial Consideration for the Proposed Acquisition was arrived at on a willing-buyer willing-seller basis, taking into account inter alia, the NAV of the Group as at 30 June 2024 and the market value of the Target Group as at the valuation date of 30 June 2024 as assessed by the Independent Valuer.

*The Final Consideration will be satisfied by the proposed allotment and issuance by the Company of an aggregate of up to 2,257,197,258 Shares to the Vendors (the "**Consideration Shares**") at the Issue Price of S$0.05252 per Share. The Issue Price is pegged at NAV per Share as at 30 June 2024. The number of Consideration Shares to be issued to each Vendor will be determined by dividing each Vendor's Relevant Consideration Portion by the Issue Price, fractional entitlements to be disregarded.*

The Consideration Shares will be issued and credited as fully paid-up. For illustrative purposes only, assuming that the Final Consideration is equal to the Initial Consideration, the number of Consideration Shares to be issued by the Company to each Vendor is as follows:

Vendor	***Maximum consideration to be paid by the Company to the Vendor for Sale Shares (S$)***(1)(2)	***Maximum number of Consideration Shares to be allotted and issued by the Company***(3)	***Approximate proportion to the total number of issued Shares (%)***(4)
APL	*90,096,910*	*1,715,478,105*	*50.67*
RC	*14,225,545*	*270,859,576*	*8.00*
MTC	*11,854,621*	*225,716,314*	*6.67*
LD	*1,778,193*	*33,857,447*	*1.00*
WTT	*592,731*	*11,285,816*	*0.33*
Total	***118,548,000***	***2,257,197,258***	***66.67***

Notes:

(1) In this table, any discrepancies between the listed figures and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this table may not be an arithmetic aggregation of the figures that precede them.

(2) Based on the Initial Consideration, being S$118,548,000.

(3) Calculated by dividing each Vendor's Relevant Consideration Portion by the Issue Price, fractional entitlements to be disregarded.

(4) Based on the Company's issued and paid-up share capital of 3,385,854,703 Shares upon Completion and the completion of the Tang Restructuring and rounded to two (2) decimal places.

(b) <u>Consideration Adjustment</u>

Subject to the terms and conditions of the SPA, the Final Consideration shall be determined as follows:

*(i) in the event that the estimated NAV of the Target Group as at the date falling five (5) Business Days before the Completion Date (such amount being the "**<u>Final NAV</u>**") is lower than S$68,800,000, the Final Consideration shall be calculated as follows:*

Final Consideration = Initial Consideration – (S$68,800,000 – Final NAV); and

(ii) *in the event that the Final NAV is equal to or more than S$68,800,000, the Final Consideration shall be equal to the Initial Consideration.*"

Further information relating to the Conditions Precedent and Completion are set out in **Section 3.2(c) and 3.2(d)** of the Circular.

4.2 Rule 1015(2) of the Listing Manual

*"Under Rule 1015(2) of the Listing Manual, for very substantial acquisitions, the target business to be acquired must be profitable and meet the requirement in Rule 210(4)(a) of the Listing Manual (the "**Profitability Requirement**"), and the Enlarged Group must comply with the requirements in Rules 210(5) and 210(6) of the Listing Manual. The issuer must appoint a competent and independent valuer to value the assets. The SGX-ST may approve the very substantial acquisition unconditionally or subject to condition(s), or may reject, as it thinks appropriate.*

The SGX-ST had confirmed on 3 October 2024 that it had no objection to the Company's view that the Target Group has met the Profitability Requirement, subject to there being no material differences in the profitability of the Target Group for FY2024 as compared to 1H2024.

As described below, as at the Latest Practicable Date, the Company has met the above requirements:

(a) The Target Group is Profitable and Meets the Requirements in Rule 210(4)(a) of the Listing Manual

The Board is of the opinion that, to the best of their knowledge and belief, the Target Group is in a healthy financial position and profitable overall, taking into consideration the following factors:

*(i) based on the audited consolidated financial information of the Target Group for FY2021, FY2022 and FY2023 and the unaudited condensed interim consolidated financial information of the Target Group for the financial period of six (6) months ended 30 June 2024 as set out in **Appendix C** to the Circular, the profit/(loss) and the net cash flows generated from/(used in) operating activities for the Target Group for the relevant periods are set out as follows:*

	6 months ended 30 June 2024	*Full year ended 31 December 2023*	*Full year ended 31 December 2022*	*Full year ended 31 December 2021*
	S$'000	*S$'000*	*S$'000*	*S$'000*
Profit/(Loss) for the period/year	*5,423*	*(28,108)*	*16,300*	*1,208*
Net cash flows generated from/(used in) operating activities	*24,099*	*2,221*	*(881)*	*(14,687)*

(ii) *The Target Group attained a net profit (after tax) of approximately S$5.4 million in 1H2024. It has turned around from the net loss (after tax) of approximately S$7.2 million in 1H2023 or S$28.1 million in FY2023, which was mainly attributable to a one-off net provision for four (4) contracts (the "**Pre-Covid-19 Contracts**") of approximately S$17.2 million (after tax) or S$43.4 million (after tax) respectively (the "**Provision**"). This was partially offset by the approximately S$7.9 million (after tax) write-back provision in FY2023 for liquidated damages of a civil infrastructure contract that was substantially completed in FY2022.*

In relation to the above losses in FY2023:

(A) *the realisation of higher project costs to completion which led to negative margins on the Pre-Covid-19 Contracts was due to (1) the inflationary impact on material and labour costs during and post-Covid-19, with the cost increase being particularly steep during the period from late 2022 and through 2023; and (2) the current higher interest rate environment;*

(B) *the Target Group acts as the main contractor and engages subcontractors to execute certain tasks. The costs of engaging these subcontractors can only be known with a higher level of certainty upon the award of such contracts.*

A portion of the approximately S$43.4 million (after tax) provision could have been recognised in FY2021 or FY2022 if subcontractor awards had been executed in a timely manner in 2021 or 2022. Notwithstanding the net loss for FY2023 of approximately S$28.1 million, the aggregate net loss for FY2021, FY2022, FY2023 and 1H2024 was approximately S$5.2 million.

Furthermore, as stated in paragraph 3.5(a)(viii) of the Circular, as at 30 June 2024, all the subcontractor contracts in respect of the Pre-Covid-19 Contracts have been awarded. Further, to the best of the knowledge of the Target Group's management team, all foreseeable losses in respect of the Pre-Covid-19 Contracts have been fully provided for;

(C) *in the construction industry, revenue recognition is not linear, and lower revenue will generally be recognised as the project teams transit between completion of earlier projects and commencement of new projects. Accordingly, as certain key projects were completed only in late FY2022, lower revenue was recognised in FY2023 due to the lead time involved between the*

commencement of new projects in FY2023 and the billing cycle for work completed;

(D) despite the loss of approximately S$28.1 million in FY2023, the Target Group generated a positive net operating cash flow of approximately S$2.2 million for the same period because the losses were generally non-cash in nature; and

(E) the Target Group has implemented the measures set out in paragraph 3.5(a)(ix) of the Circular to mitigate the risk of subcontractor cost overruns;

(iii) the negative net cash flow generated from operating activities of the Target Group for FY2021 and FY2022 was mainly attributable to an increase in net contract assets of approximately S$24.6 million and S$29.0 million respectively. These represent works done but not yet billed to customers and once billed to and collected from customers, will represent net cash flow to the Target Group;

(iv) emerging from Covid-19, the Target Group recovered strongly and reported net profits of approximately S$1.2 million and approximately S$16.3 million for FY2021 and FY2022 respectively;

(v) as at 30 June 2024, the Target Group is in a strong financial position, with total equity of approximately S$75.9 million, NTA of approximately S$65.1 million and a net cash position of approximately S$68.1 million;

(vi) the Target Group's Outstanding Order Book stands in excess of S$2 billion. Recent tenders for new projects have already factored in the escalated cost structure post-Covid-19 for the construction industry with higher visibility on revenues and margins compared to the earlier projects that were affected by Covid-19 and its disruption to the construction industry. Please refer to paragraph 3.5(a)(x) of the Circular which shows the breakdown of the Target Group's Outstanding Order Book; and

(vii) further details of the Pre-Covid-19 Contracts and the portion of the Provision attributable to each of them are as follows:

(A) <u>LTA Contract</u>

*One (1) of the Pre-Covid-19 Contracts is a contract awarded by the Land Transport Authority ("**<u>LTA</u>**") at a contract sum of approximately S$231.1 million (the "**<u>LTA Contract</u>**"). The LTA Contract was awarded in February 2020 and is expected to complete in 2026.*

Provisions made in relation to the LTA Contract amounted to approximately S$42.1 million (after tax) in 2023, and were for (1) losses ensuing from increased project costs as a result of actual amounts awarded under the subcontracts being higher than the estimated contract costs at the budgeting stage of the project; (2) estimated loss on yet-to-be-awarded subcontracts; (3) higher project overheads due to extensions of time; and (4) variation orders raised by subcontractors.

The remaining contract amount for the LTA Contract as at 30 June 2024 is approximately S$97.13 million.

(B) *Ongoing HDB Contracts*

*Two (2) of the Pre-Covid-19 Contracts are contracts awarded by HDB at an aggregate contract sum of approximately S$292.6 million (the "**Ongoing HDB Contracts**", and each an "**Ongoing HDB Contract**"). One (1) of the Ongoing HDB Contracts which was awarded in May 2017 has received certificates of substantial completion in FY2023 and the Target Group expects to receive the Certificate of Statutory Completion ("**CsC**") from the BCA by FY2025. The second Ongoing HDB Contract which was awarded in January 2018 is substantially completed, save for the completion of the construction of two (2) linkways and related electrical works to the bus stops as requested by HDB, and the Target Group expects to receive the CsC from the BCA by FY2025.*

*Net writeback of provisions made in relation to the Ongoing HDB Contracts (the "**Ongoing HDB Contract Net Writeback**") amounted to an aggregate of approximately S$0.3 million (after tax) in FY2023. The Ongoing HDB Contract Net Writeback relates to (1) writeback of potential liquidated damages; (2) additional works required; (3) higher project overheads due to extensions of time; and (4) variation orders raised by subcontractors.*

The remaining contract amount for the Ongoing HDB Contracts as at 30 June 2024 is approximately S$2.59 million.

(C) *Private Residential Contract*

*One (1) of the Pre-Covid-19 Contracts is a private residential development contract at a contract sum of approximately S$89.7 million (the "**Private Residential Contract**"). The Private Residential Contract was awarded in July 2019 and the development obtained its temporary occupation permit on 18 July 2023. The Target Group expects to receive the certificate of final completion from the developer in due course.*

Provisions made in relation to the Private Residential Contract amounted to approximately (1) S$1.6 million (after tax) in 2023 in relation to (I) higher project overheads due to extensions of time and (II) variation orders raised by subcontractors; and (2) S$1.4 million (after tax) in the financial year ended 31 December 2024 in relation to the commercial settlement of variation orders raised by the Target Group with the developer upon final account.

The remaining contract amount for the Private Residential Contract as at 30 June 2024 is approximately S$0.91 million.

(viii) *Award of Subcontractor Contracts*

As at 30 June 2024, the Target Group has made provisions for expected losses on the portion of the LTA Contract that has not been awarded to subcontractors as at 30 June 2024, which amounted to approximately S$50.30 million. Such provisions take into *account prevailing post-Covid-19 market pricing and conditions. Save for the foregoing, all the subcontractor contracts in respect of the Pre-Covid-19 Contracts have been awarded.*

Barring any unforeseen circumstances, to the best of the knowledge of the Target Group's management, all foreseeable losses in respect of the Pre-Covid-19 Contracts have been fully provided for.

(ix) *Measures to Mitigate the Risk of Subcontractor Cost Overruns*

The Target Group adopts the following measures to mitigate the risk of subcontractor cost overruns:

(A) *Estimating and Budgeting*

Budgets formulated with respect to the Target Group's tenders are based on a standard project margin over its escalated cost structure. This covers, at minimum, key project costs such as: (1) labour; (2) materials (e.g. purchase of rebar, structural steel and concrete); and (3) quotations from subcontractors. In addition, government-related contracts also contain material fluctuation clauses with respect to concrete and steel rebar costs.

(B) *Risk Management*

The Target Group identifies potential risks that may impact project costs, and develops holistic contingency plans to address such risks and provide for reasonable contingency sums for each project to mitigate any adverse impact.

(C) *Quarterly Management and Monitoring of Budgets*

The Target Group reviews the budget of each active project on a quarterly basis to closely monitor the costs associated with such project against its budget until completion. This helps the Target Group to identify cost overruns early and allows for timely corrective actions.

(D) *Subcontractor Management*

The Target Group's awarded subcontractors are carefully selected based on their track record, reliability, and cost-effectiveness.

While the adoption of these measures helps the Target Group effectively manage project costs and reduce the risk of cost overruns, there are always inherent risks that are beyond the Target Group's control, including, for example, the Covid-19 pandemic or global political instability, which disrupt international supply chains and put pressure on project costs.

(x) *Target Group’s Outstanding Order Book*

All contracts secured by the Target Group since 2021 have taken into account the escalated cost structure and generally, contracts that have been secured more recently would have tracked the recent cost structure more closely.

The following table sets out a breakdown of contracts secured by the Target Group over the years and up to 30 June 2024:

Year Contract Secured	***Remaining Contract Amount (%)***	***Cumulative % of Target Group's Outstanding Order Book (from Reference Year up to 30 June 2024)***
Pre-2021	*12.50%*	*100.00%*
2021	*4.17%*	*87.50%*
2022	*4.17%*	*83.33%*
2023	*70.83%*	*79.16%*
1H2024	*8.33%*	*8.33%*
Total	*100.00%*	

A significant percentage of the Target Group's Outstanding Order Book comprises contracts which have, to a large extent, factored in the escalated cost structure as: (A) 87.50% of the Target Group's Outstanding Order Book are contracts secured since 2021; (B) 83.33% of the Target Group's Outstanding Order Book are contracts secured since 2022; (C) 79.16% of the Target Group's Outstanding Order Book are contracts secured since 2023; and (D) 8.33% of the Target Group's Outstanding Order Book are contracts secured in 1H2024. As mentioned in paragraph 3.5(a)(ix) of the Circular, the post-Covid-19 escalated cost structure was factored in the budget for recently-awarded contracts, including two (2) new key contacts that were awarded by HDB to the Target Group in the second half of 2023, with a total contract sum in excess of S$1 billion.

Accordingly, the Target Group's management team is of the view that the future order book of the Target Group will provide positive earnings and cash flow."

4.3 The Enlarged Group Complies with the Requirements in Rules 210(5) and 210(6) of the Listing Manual

"The Enlarged Group complies with the requirements in Rules 210(5) and 210(6) of the Listing Manual as follows:

(i) The Board is of the view that the directors and management of the Company following Completion have the appropriate experience and expertise to manage the Enlarged Group's business. While Mr. Tang Jialin, MTC and Mr. Shng Yunn Chinn do not have prior experience as a director of an issuer listed on the SGX-ST, they have undertaken to attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 2.3 of the Listing Manual within one (1) year from the date of their respective appointments to the Board.

(ii) Nothing has come to the attention of the Board in respect of the character and integrity expected of any of the Proposed New Directors, management and controlling shareholders of the Company as a listed issuer following Completion.

(iii) The Board has and will, following Completion, continue to have at least two (2) non-executive directors who are independent within the meaning set out in Rule 210(5) of the Listing Manual and free of any material business or financial connection with the Company.

(iv) The Board will, following Completion, have in place the ARC, the Nominating Committee and the Remuneration Committee, with written terms of reference which clearly set out the authority and duties of such committees.

(v) The Proposed Acquisition does not involve a chain listing of a subsidiary or parent company of the Company."

4.4 Other Information on the Key Terms of the Proposed Acquisition

Further information relating to the (i) Shareholding Restructuring after Completion of the Proposed Transaction; and (ii) Appointment of the Proposed Directors to the Post-Completion Board are set out in **Sections 3.3 to 3.4** of the Circular

5 THE PROPOSED WHITEWASH RESOLUTION

The information relating to the proposed Whitewash Resolution is set out in **Section 6** of the Circular, relevant extracts of which are reproduced below.

5.1 Mandatory Offer Obligation under the Code

*"For the purposes of Rule 14.1(b) of the Code, persons acting in concert with APL (together with APL, collectively, the "**Concert Party Group**") include Haiyi, RC, MTC, LD and WTT for the reasons set out below:*

(a) Haiyi as part of the Concert Party Group

As mentioned above at paragraphs 2.5(a) and 3.3 of the Circular, (i) APL is wholly-owned by Tang Dynasty Treasure; (ii) Haiyi is a controlling shareholder of the Company; and (iii) CT and GT are both directors of, and shareholders who collectively own 100.00% of the issued and paid-up share capital of, each of Haiyi and Tang Dynasty Treasure.

(b) RC and MTC as part of the Concert Party Group

As mentioned above at paragraphs 2.5(b)(i) and 2.5(b)(ii) of the Circular, (i) RC is an executive director of APL and the group chief executive officer of APL; and (ii) MTC is the brother of GT.

(c) LD and WTT as part of the Concert Party Group

As mentioned above at paragraph 2.5(b)(iii)(A) of the Circular, each of LD and WTT is a director of certain subsidiaries of Haiyi, which are collectively wholly owned by GT and CT, and/or certain entities controlled by CT and GT (other than through Haiyi).

As such, each of Haiyi, RC, MTC, LD and WTT is a person acting in concert with APL for the purposes of Rule 14.1(b) of the Code and is part of the Concert Party Group.

As at the Latest Practicable Date, the aggregate shareholding of the Concert Party Group in the Company is approximately 500,000,000 Shares representing approximately 44.30% of the issued and *paid-up share capital of the Company. Based on the Proposed Issuance, APL's resultant shareholding in the Company upon Completion and the completion of the Tang Restructuring will be up to 2,215,478,105 Shares, representing approximately 65.43% of the enlarged share capital of the Company, and the aggregate shareholding of the Concert Party Group will be up to 2,757,197,258 Shares, representing approximately 81.43% of the enlarged share capital of the Company upon Completion and the completion of the Tang Restructuring.*

In the circumstances described above, unless otherwise waived by the SIC, the Concert Party Group will be required under Rule 14.1 of the Code to make a mandatory general offer for the Shares not already owned or controlled by them."

5.2 Whitewash Waiver

"An application was made to the SIC for a waiver of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code as a result of the increase in their shareholding in the Company pursuant to the Proposed Transaction and the Tang Restructuring, subject to the receipt of the Whitewash Resolution. The Whitewash Waiver and the Whitewash Resolution are conditions precedent to Completion.

The SIC, had on 19 November 2024, granted to the Concert Party Group, a waiver from the requirement under Rule 14.1 of the Code to make a mandatory general offer for the Company in the event the Concert Party Group incurs an obligation to do so as a result of the Proposed Transaction and the Tang Restructuring, subject to, inter alia, the following conditions:

(a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Consideration Shares to APL, a resolution by way of a poll to waive their rights to receive a general offer from APL and its concert parties;

(b) the Whitewash Resolution is separate from other resolutions;

(c) APL, its concert parties and parties not independent of them abstain from voting on the Whitewash Resolution;

(d) APL and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):

(i) during the period between the announcement of the Proposed Transaction and the Tang Restructuring and the date approval from the Independent Shareholders (Whitewash) is obtained for the Whitewash Resolution; and

(ii) in the six (6) months prior to the announcement of the Proposed Transaction but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of APL in relation to such issue;

(e) the Company appoints an independent financial adviser to advise the Independent Shareholders (Whitewash) on the Whitewash Resolution;

(f) the Company sets out clearly in the Circular:

(i) details of the proposed issuance of the Consideration Shares to APL pursuant to the Proposed Transaction and Tang Restructuring;

(ii) the dilution effect to existing holders of voting rights of the Company upon the issuance of the Consideration Shares to APL;

(iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by APL and its concert parties as at the Latest Practicable Date;

(iv) the number and percentage of voting rights to be acquired by APL upon the issuance of the Consideration Shares to APL;

(v) specific and prominent reference to the fact that the Proposed Transaction and Tang Restructuring would result in APL and its concert parties holding Shares carrying over 49.00% of the voting rights of the Company and that APL and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and

(vi) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from APL at the highest price paid by APL and its concert parties for the Shares in the past six (6) months preceding the commencement of the offer;

(g) the Circular states that the waiver granted by the SIC to APL from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in paragraphs 6.2(a) to 6.2(f) of the Circular;

(h) APL and the Company obtain the SIC's approval in advance for those parts of the circular that refer to the Whitewash Resolution; and

(i) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within three (3) months from 19 November 2024 and the acquisition of the Consideration Shares by APL must be completed within three (3) months of the approval of the Whitewash Resolution.

In respect of the condition listed under paragraph 6.2(i) of the Circular, the SIC had, on 27 February 2025, granted an extension to the deadline for the approval of the Whitewash Resolution at the SGM to 19 April 2025.

As at the Latest Practicable Date, save for the conditions listed under paragraphs (a), (c), (d)(i) and (i), all the above conditions imposed by the SIC have been satisfied."

6 EVALUATION OF THE PROPOSED TRANSACTION AND WHITEWASH RESOLUTION

In arriving at our opinion in respect of the Proposed Transaction (collectively the Proposed Acquisition and the Proposed Issuance) and the proposed Whitewash Resolution, we have deliberated on the following factors which we consider to be pertinent and have a significant bearing on our assessment:

(a) Rationale for the Proposed Transaction

(b) Financial assessment of the Proposed Acquisition
- Historical financial performance and financial position of the Target Group
- Assessment of the Initial Consideration and Consideration Adjustment
- Analysis on the valuation of the Target Group by the Independent Valuer
- Comparison of valuation ratios of the Target Group implied by the Initial Consideration against similar ratios of comparable companies to the Target Group
- Comparison of valuation ratios of the Target Group implied by the Initial Consideration against similar ratios of precedent acquisition transactions in the construction industry

(c) Financial assessment of the Proposed Issuance
- Comparison of Issue Price against historical Share Price
- Comparison of Issue Price against the NAV/NTA per Share
- Comparison of the valuation ratios as implied by the Issue Price against similar ratios of comparable companies to the Group
- Comparison of Issue Price against the issue price of precedent acquisitions whereby purchase considerations were satisfied by the issuance of new shares (wholly or in part)

(d) Review of the pro forma financial effects of the Proposed Transaction

(e) Risk factors relating to the Proposed Transaction and the Target Group's business

(f) Potential dilution on the shareholding interests of current Shareholders (excluding the Vendors and their associates)

(g) Moratorium conditions on the Vendors shares

(h) Implications of the proposed Whitewash Resolution

(i) Inter-conditionality of the Key Resolutions

(j) Abstentions from voting by interested persons

6.1 Rationale for the Proposed Transaction

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Transaction. Nevertheless, we have reviewed the rationale for the Proposed Transaction set out in **Section 3** of the Circular, relevant extracts of which are reproduced below.

"*<u>The Group's Journey</u>*

Sinobest Technology Holdings Ltd. acquired the Company (then known as OKH Holdings Pte. Ltd.) in a reverse takeover exercise in 2013 and the Group was renamed as OKH Global Ltd., as a local contractor undertaking renovation projects and minor alteration & addition works. Over time, the Group acquired valuable experience, knowledge and capabilities in construction and project management. This enabled the Group to venture into building construction and large-scale alteration & addition works projects for private and public sector clients such as the Singapore Turf Club, SMRT, Singapore Budget Terminal and Singapore Grand Prix.

The Group subsequently diversified its business by venturing into property development in Singapore and found a niche in developing industrial properties for strata sales.

In 2015/2016, the Group faced a confluence of headwinds in economic outlook, industrial strata market, cashflows and internal management challenges, resulting in the sudden downward spiral of the Company's share price in 2016.

Haiyi, an investment holding company incorporated in Singapore, came on board as the controlling shareholder of the Group in 2016. Haiyi helped to strengthen the Group's balance sheet and restore confidence in the Group by injecting new capital and loans in order for the Group to complete the construction of its uncompleted development projects.

As the industrial property market segment continued to suffer from the downturn, the new board of directors of the Company and management team re-strategised to build a sustainable business model for the Group. By leasing out its unsold properties, the Group was able to generate recurring income whilst continuing to focus on completing the construction of its uncompleted development projects. Upon completion of its development projects, the Group's construction business was scaled down.

<u>Rationalisation Strategy has Strengthened the Group's Financial Position</u>

The Group's efforts in rationalising its business activities and industry property portfolio to consolidate its strengths and improve its liquidity position have proven to be effective. The Group's current recurring income base is derived mainly from its property investment segment, which comprises industrial properties in Singapore. Since 2016, the Group has been focusing on a strategy of divesting assets to reduce gearing and strengthen its financial position, reducing its debt from S$274 million in June 2016 to S$53 million in June 2024, while the Group's gearing ratio (debt to equity) had improved from 2.53 in June 2016 to 0.89 in June 2024.

Some of the material divestments by the Group since 2016 include the disposal of five (5) strata freehold units in LHK Building, the dormitory at Seatown Industrial Centre, the leasehold land at 5 Pioneer Sector Lane and the Group's equity stakes in Equalbase Pte. Ltd. (formerly known as Pan Asia Logistics Investments Holdings Pte Ltd.) and Amboss Holdings Pte. Ltd. (formerly known as Deltanvil Pte. Ltd. and Pan Asia Logistics Holdings Singapore Pte Ltd.).

<u>Challenging Outlook for the Group</u>

Looking ahead, the Group faces the following challenges:

(i) ***Tough macro environment due to large supply of factory spaces****. According to JTC Corporation ("**JTC**"), the vacancy rate of multi-user factory space stood at 9.00% as at the fourth quarter of 2024, and an additional 1.6 million square metres of industrial space is expected to be completed in 2025. In 2026 and 2027, an additional 2.1 million square metres of industrial space is expected to be completed. This amounts to an annual average supply of about 1.1 million square metres from now until the end of 2027, which far exceeds the average annual supply and demand for industrial space of approximately 0.9 million square metres and 0.5 million square metres respectively over the past three (3) years. This may push up the overall vacancy rates of the multi-user factory segment, causing the Group to face greater challenges in renewing its leases with tenants at favourable rates.*

(ii) ***Shortening lease terms erode asset valuation and threaten business continuity****. The remaining investment properties (A) were all acquired prior to 2016; (B) have remaining lease terms of under 20 years; and (C) are expected to continue to depreciate and decline in valuation in the medium to long-term. On the back of the macro headwinds, according to JTC, the price index of multiple-user factory space with less than 30 years or less of remaining tenure had declined from 92.2 in the first quarter of 2023 to 88.9 in the fourth quarter of 2024. More critically, the renewal of the tenure of the Group's assets is pertinent to the continuity of the business. However, there is no certainty that the leases can be extended.*

(iii) ***Limited internally-generated cashflow unable to support major expansive growth****. Whilst the divestment and gearing reduction strategy has been critical for the successful turnaround of the Group, the monetisation of the Group's investment property portfolio has resulted in a reduction in revenue and cashflow, as shown in the chart in Section 3.1(c)(iii) of the Circular. Cash generated from operations has declined at a compound average rate of 20.44% over the*

past five (5) financial years. The Group had generated operating cashflow of S$4.4 million and S$6.7 million in FY2024 and FY2023 respectively. Whilst this is sufficient for the current operations of the Group, it is insufficient to support major expansive growth and business opportunities.

Acquisition to Revitalise the Group with a New Growth Engine

In the past few years, the management team of the Group has been exploring potential acquisitions and business opportunities. Although there were discussions held with various parties, there was no concrete offer from third parties. The management team is of the view that the Proposed Transaction is synergistic for the Group and presents an opportunity to revitalise the Group with a new growth engine.

The Target Group is primarily engaged in six (6) core business segments: (i) building construction; (ii) building construction in Australia; (iii) civil infrastructure; (iv) environmental and sustainability; (v) prefabrication technology; and (vi) procurement. It has attained a suite of credentials and certifications, including (A) A1 Classifications for General Building (CW01) and Civil Engineering (CW02) Contractors, allowing it to tender for public sector projects with unlimited contract value; (B) A1 Classifications for General Building Contractors, permitting it to tender for public sector projects with unlimited contract value; (C) L6 Mechanical Engineering (ME11) Workhead, qualifying it to tender for public sector contracts in Singapore with unlimited tender sums; (D) CR10B "Precast Concrete Works" and Financial Category L6, enabling it to bid for public sector prefabrication contracts of unlimited tender sums; and (E) being an approved material supplier for HDB projects.

The Group is expected to benefit from the integration of its construction capabilities with that of the Target's. Being able to combine both track records of successfully executing projects and leveraging a broader spectrum of in-house technical knowledge will allow the Group to execute a wider scope of construction work, both for its own development projects and other third-party contracts.

The Target Group's Outstanding Order Book stands in excess of S$2 billion, which significantly exceeds the order books of other Singapore listed construction companies.

The Proposed Transaction would thus allow the Group to emerge as one of the significant players in the building and construction industry.

Opportunity for the Group to Participate in Robust Demand for the Building and Construction Industry

The construction sector rebounded strongly from the contraction observed during the Covid-19 pandemic. According to the Ministry of Trade and Industry, the construction sector grew 4.40% year-on-year in the fourth quarter of 2024, following the 5.60% expansion in the previous quarter. The increase in certified progress payments was largely driven by higher outturns in public civil engineering and residential building works.

Looking ahead, the BCA expects total construction demand to range between S$47 billion and S$53 billion for 2025, and to average between S$39 billion and S$46 billion per annum from 2026 to 2029. Medium-term construction demand is projected to be robust, supported by projects such as Changi Airport Terminal 5, a steady pipeline of public housing developments, MRT projects such as the Cross Island Line (Phase 3) and the Downtown Line Extension to Sungei Kadut, Integrated Waste Management Facility (Phase 2), Tengah General and Community Hospital, Siglap South Integrated Development, Woodlands North Coast industrial estate, redevelopment of various junior colleges, commercial building redevelopments and other urban rejuvenation developments.

The Target is well-positioned to leverage its strong position and credentials to capitalise on the robust demand in the construction sector.

All-shares Transaction will (i) Strengthen the Group's Capital Base, and (ii) Ensure Alignment of Interest Between the Vendors and the Minority Shareholders of the Group

The Independent Valuer has assessed that the market value of the Target Group as at the valuation date of 30 June 2024 is in the range of approximately S$115.3 million to S$128.4 million. The Initial

Consideration of S$118,548,000 falls within the lower end of the market value range assessed by the Independent Valuer.

The purchase consideration for the Proposed Acquisition will be satisfied solely by the issuance of new Shares. This allows the Group to preserve cashflow and no debt or equity funds are required to be raised to satisfy the Final Consideration.

*The Consideration Shares are issued at an issue price of S$0.05252 per Share, (the "**Issue Price**"), which represents a premium of approximately 212.43% over the volume weighted average price ("**VWAP**") of S$0.01681 per Share for 4 December 2024, being the last full market day prior to the making of the Acquisition Announcement. The Issue Price significantly exceeds the closing prices of the Shares for the past five (5) years. As the Issue Price is pegged to the NAV of the Group, the Proposed Issuance will preserve the value of the Group while enabling Shareholders to benefit from a potential value uplift from the Proposed Acquisition.*

The Vendors are receiving Consideration Shares and not cashing out, ensuring alignment of interest between the Vendors and the Shareholders to work towards further growth and appreciation of the Enlarged Group.

Competitive Strength of the Target Group

(i) ***Established Track Record Well-Supported by Six (6) Pillars of Strength***

The Target Group is an established homegrown construction group in Singapore, with its beginnings as a subcontractor of conventional landed properties in the 1960s.

Over the years, the Target Group has built a reputation and track record in Singapore as a specialist in high-contract-value projects for the public residential market. Through organic growth and strategic acquisitions and investments, the Target Group has steadily enhanced its competencies to now include: (A) building construction; (B) building construction in Australia; (C) civil infrastructure; (D) environmental and sustainability; (E) prefabrication technology; and (F) procurement.

These expansions enhance the ability of the Target Group to effectively harness the expertise and capabilities across different areas of specialisation required for projects and to participate and compete in tenders for a broader range of engineering, procurement and construction projects (including building, civil engineering and infrastructure projects), which are of larger scale and/or higher value.

(ii) ***Award-winning Business Segments with Full Suite of Credentials and Certifications***

As a testament to the Target Group's established track record, the Target Group owns a full suite of credentials and certifications across its various business segments:

(A) Building construction:

(1) consistently awarded the A1 classification by the BCA, being the BCA's highest classification tier for general building contractors. Such classification tier allows tendering for public sector projects with an unlimited contract value; and

(2) awarded A2 and B2 gradings as civil engineering contractors, which allows bidding for public sector civil engineering projects with values of up to S$105 million and S$16 million respectively;

(B) Civil infrastructure:

classified by the BCA as an A1 general building (CW01) and civil engineering (CW02) contracting firm, and is qualified to tender for public sector contracts with unlimited tender sums;

(C) Environmental and sustainability:

registered with the BCA under the L6 mechanical engineering (ME11) Workhead and is thus qualified to tender for public sector contracts in Singapore with unlimited tender sums;

(D) Prefabrication technology:

(1) registered with the BCA under the registration head, CR10B "Precast Concrete Works" and Financial Category L6, and is thus qualified to bid for public sector prefabrication contracts of unlimited tender sums; and

(2) CES Precast is an approved material supplier for HDB projects; and

(E) Procurement:

Eura is an approved material supplier of floor/wall tiles for HDB projects.

As a further testament of the Target Group's commitment to service and quality, the Target Group has received numerous awards and accolades from various government bodies and industry authorities. Please refer to paragraph 2.2 of the Circular for more information on the key awards and accolades awarded to the Target Group from 2023 up to the Latest Practicable Date.

It is difficult to replicate the Target Group's track record, credentials, certifications, industry knowledge, understanding and network.

(iii) ***Impressive Track Record Built Through the Years by Experienced and Committed Management Team***

The team of Proposed Executive Officers are existing executive officers of the Target Group and have significant industry experience as further described in paragraph 12.6 of the Circular. A number of the Proposed Executive Officers have also been instrumental to the Target Group's construction activities and have more than 25 years of experience in the industry.

In addition to an in-depth knowledge of the construction industry, the Target Group's management team has built up invaluable business relationships with key players over the years. The Target Group has a team of graduate engineers and a large pool of supervisors and coordinators with considerable practical experience in handling complex construction situations. Almost all of the project managers and project engineers hold degrees in construction-related fields.

(iv) ***Revenue Visibility and Sturdy Order Book Pipeline Underpin Profitability and Growth***

The Target Group's Outstanding Order Book stands in excess of S$2 billion which significantly exceeds the order books of other Singapore-listed construction companies.

Between FY2020 and FY2023, the Target Group incurred losses, which were attributable to unforeseen circumstances including (A) work restrictions during the Covid-19 pandemic; (B) a higher interest rate environment; and (C) the inflationary impact on material and labour costs during and post-Covid-19 pandemic. The whole construction industry had been adversely impacted.

Moving forward, barring unforeseen circumstances and to the best knowledge of the Target Group's management, the Target Group does not expect to incur further significant losses on its current order book as at 30 June 2024 that will adversely impact the profitability of the Target Group as a whole for FY2024. In addition, contracts secured during and post-Covid-19 pandemic would have factored in the escalated cost structure and provided for healthy margins. As at 30 June 2024, the outstanding order book of contracts secured pre-Covid-19 is *approximately S$0.3 billion, while the outstanding order book of contracts secured during and post-Covid-19 is in excess of S$2 billion.*

Paragraph 12.9(a) of the Circular highlights the strong momentum observed in the construction industry. Riding on the solid market and industry fundamentals, the Target Group is actively bidding for new and significant contracts. Revenue visibility and a sturdy order book pipeline underpin profitability and growth for the Target Group, thereby allowing shareholders to benefit from prudent financial management and order book strength."

We note that the rationale for the Proposed Transaction, appears to be based on sound commercial grounds, notably the Proposed Issuance will enable the Company to issue the Consideration Shares as full payment to the Vendors for the Proposed Acquisition, in lieu of a cash consideration. This allows the Company to fund the Proposed Acquisition while conserving its cash reserves and/or relieving it of the need to seek additional external borrowing. Additionally, it will also align the interests of the Vendors with the Company and its Shareholders.

6.2 Financial assessment of the Proposed Acquisition

6.2.1 Historical Financial Performance and Financial Position of the Target Group

We set out below a summary of the audited financial information of the Target Group for the last three financial years ended 31 December 2021, 2022 and 2023 ("**FY2021**", "**FY2022**" and "**FY2023**", respectively) and the unaudited interim financial information of the Target Group for the six months period ended 30 June 2024 ("**1H2024**") and 30 June 2023 ("**1H2023**") (collectively, the "**Review Period**"). A copy of the 3-year audited consolidated financial statements and unaudited interim financial statements of the Target Group are set out in **Appendix C** to the Circular.

<u>Summary of the Target Group's Financial Performance</u>

S$'000	**Unaudited 1H2024**	**Unaudited 1H2023**	**Audited FY2023**	**Audited FY2022**	**Audited FY2021**
Revenue	253,183	255,623	521,167	627,522	411,226
Gross profit	24,519	5,762	112	41,860	19,252
(Loss)/profit before income tax	7,221	(7,690)	(32,789)	18,461	719
Net (loss)/profit	5,423	(7,170)	(28,108)	16,300	1,208

<u>Summary of the Target Group's Financial Position</u>

S$'000	**Unaudited as at 30-Jun-2024**	**Audited as at 31-Dec-2023**	**Audited as at 31-Dec-2022**	**Audited as at 31-Dec-2021**
Current assets	257,146	290,071	325,261	298,339
Non-current assets	74,455	76,765	61,234	64,613
Total assets	**331,601**	**366,836**	**386,495**	**362,952**
Current liabilities	221,478	257,750	199,198	189,491
Non-current liabilities	34,245	38,660	88,171	90,182
Total liabilities	**255,723**	**296,410**	**287,369**	**279,673**
Net assets	**75,878**	**70,426**	**99,126**	**83,279**
Share capital	127,222	127,222	100,550	100,550
Accumulated losses	(67,977)	(73,393)	(18,933)	(35,139)
Other reserves	17,027	17,046	17,509	17,962
Equity and reserves attributable to the owners of the Company	**76,272**	**70,875**	**99,126**	**83,279**
Non-controlling interests	(394)	(449)	-	-
Total equity	**75,878**	**70,426**	**99,126**	**83,279**

Note: Figures above are subject to rounding differences.

Analysis of the financial performance of the Target Group

For management purposes, the Target Group is organised into business units based on their product and services. We set below a summary of the revenue segmentation over the Review Period.

Revenue of the Target Group

Revenue segmentation

S$'000	Unaudited 1H2024	Unaudited 1H2023	Audited FY2023	Audited FY2022	Audited FY2021
Building construction	133,673	123,400	251,143	356,261	166,533
Civil infrastructure	87,231	108,441	197,877	191,455	172,423
Prefabrication technology	12,826	6,033	22,322	29,407	43,968
Environmental & sustainability	19,146	17,749	48,980	50,399	28,302
Procurement	307	-	845	-	-
Total	**253,183**	**255,623**	**521,167**	**627,522**	**411,226**

FY2022 vs FY2021

In FY2022, the Target Group recorded revenue of S$627.5 million, an increase of 52.6% from S$411.2 million in FY2021 mainly due to increase in construction activities for ongoing projects in FY2022 following the easing of Covid-19 restrictions. The increase in revenue is due mainly to higher contribution from the residential building construction (53% of revenue) and municipal industrial construction (10% of the revenue) segments despite reduction in number of projects during the year.

FY2023 vs FY2022

In FY2023, the Target Group recorded revenue of S$521.2 million, a decrease of 17.0% from S$627.5 million in FY2022. The decrease was mainly driven by lower building construction of S$105.1 million, partially offset by the increase of S$6.4 million revenue from civil infrastructure.

1H2024 vs 1H2023

In 1H2024, the Target Group recorded revenue of S$253.2 million, a slight decrease of 1.0%, from S$255.6 million in 1H2023. The decrease was mainly due to the decrease in the civil infrastructure segment of S$21.2 million, partially offset by (i) increase in the prefabrication technology segment of S$6.8 million, (ii) increase in the building construction segment of S$10.3 million, and (iii) increase in the environmental & sustainability segment of S$1.4 million.

Net profit of the Target Group

FY2022 vs FY2021

In FY2022, the Target Group recorded net profit of S$16.3 million compared to net profit of S$1.2 million in FY2021. The increase in FY2022 was mainly due to increase construction activities for ongoing projects in the residential building construction and municipal industrial construction segments in FY2022 following the easing of Covid-19 restrictions.

FY2023 vs FY2022

In FY2023, the Target Group recorded net loss of S$28.1 million compared to net profit of S$16.3 million in FY2022. The decrease arose was mainly due to provision for onerous contracts in the civil infrastructure segment, which recognised losses of S$35.2 million in FY2023, compared to a profit of S$10.1 million in the same segment in FY2022.

1H2024 vs 1H2023

The Target Group recorded net profit of S$5.4 million in 1H2024, compared to net loss of S$7.2 million in 1H2023. The improvement was attributed to lower provision for onerous contracts of S$0.2 million in 1H2024, compared to provision for onerous contracts of S$12.2 million in 1H2023.

We note that the Target Group was profitable in FY2021 and FY2022 but made losses in FY2023. However, the Target Group had turned around and recorded a net profit after tax of approximately S$5.4 million in 1H2024.

Analysis of the financial position of the Target Group

The total assets of the Target Group as at 30 June 2024 is S$331.6 million, comprised mainly cash and cash equivalents of S$97.3 million (29.4%), trade and other receivables of S$80.5 million (24.3%), contract assets of S$69.6 million (21.0%), and property, plant and equipment of S$53.8 million (16.2%).

The total liabilities of the Target Group as at 30 June 2024 is S$255.7 million, comprised mainly current trade and other payables of S$85.8 million (33.6%), current other liabilities of S$52.1 million (20.4%), contract liabilities of S$36.3 million (14.2%), non-current trade and other payables of S$25.3 (9.9%) and current provisions of S$22.9 million (9.0%).

FY2022 vs FY2021

The total assets of the Target Group increased by S$23.5 million from S$363.0 million as at 31 December 2021 to S$386.5 million as at 31 December 2022, mainly due to increase in contract assets of S$27.2 million, trade and other receivables of S$11.5 million, offset by decrease in cash and cash equivalent of S$9.8 million, intangible assets of S$3.0 million and inventories of S$1.8 million.

The total liabilities of the Target Group increased by S$7.7 million from S$279.7 million as at 31 December 2021 to S$287.4 million as at 31 December 2022, mainly due to increase in trade and other payables of S$15.9 million and current income tax payable of S$3.2 million, partially offset by decrease in loans and borrowings of S$5.0 million.

FY2023 vs FY2022

The total assets of the Target Group decreased by S$19.7 million from S$386.5 million as at 31 December 2022 to S$366.8 million as at 31 December 2023, mainly due to decrease in current trade and other receivables of S$49.4 million, offset by increase in property, plant and equipment of S$11.5 million, contract assets of S$6.5 million, cash and cash equivalents of S$6.2 million, and deferred tax assets of S$4.9 million.

The total liabilities of Target Group increased by S$9.0 million from S$287.4 million as at 31 December 2022 to S$296.4 million as at 31 December 2023, mainly due to increase in current trade and other payables of S$22.2 million, current loan and borrowings of S$20.6 million, and provisions of S$12.1 million, partially offset by decrease in non-current trade and other payables of S$43.5 million.

1H2024 vs FY2023

The total assets of the Target Group decreased by S$35.2 million from S$366.8 million as at 31 December 2023 to S$331.6 million as at 30 June 2024, mainly due to decrease in contract assets of S$30.9 million, trade receivables of S$15.4 million, partially offset by increase in cash and cash equivalents of S$11.5 million.

The total liabilities of Target Group decreased by S$40.7 million from S$296.4 million as at 31 December 2023 to S$255.7 million as at 30 June 2024, mainly due to decrease in current trade and other payables of S$21.8 million, loan and borrowings of S$9.1 million, other liabilities of S$6.1 million, and provisions of S$3.1 million.

We note that the Target Group was in a positive working capital position throughout the Review Period, with a positive working capital of S$35.7 million as at 30 June 2024.

Throughout the Review Period, the Target Group was in a net cash[1] position. The net cash position of the Target Group decreased from S$53.3 million as at 31 December 2022 to S$47.5 million as at 31 December 2023 and increased to S$68.1 million as at 30 June 2024. Cash and cash equivalents increased from S$ 79.6 million as at 31 December 2022 to S$85.9 million as at 31 December 2023, to S$97.3 million as at 30 June 2024.

[1] Net cash was calculated based on the total cash and cash equivalents minus total loans and borrowings (current and non-current) for the respective periods.

6.2.2 Assessment of the Initial Consideration and Final Consideration

Details on the Initial Consideration and Final Consideration are set out in **Section 4.1** of this Letter and **Section 3.2** of the Circular.

We note that the Initial Consideration of S$118,548,000 is subject to the Consideration Adjustment. The Initial Consideration for the Proposed Transaction was arrived at on a willing-buyer willing-seller basis, taking into account inter alia, the NAV of the Group as at 30 June 2024 and the independent valuation of the Target as at 30 June 2024.

"Consideration Adjustment

Subject to the terms and conditions of the SPA, the Final Consideration shall be determined as follows:

*(i) in the event that the estimated NAV of the Target Group as at the date falling five (5) Business Days before the Completion Date (such amount being the "**Final NAV**") is lower than S$68,800,000, the Final Consideration shall be calculated as follows:*

Final Consideration = Initial Consideration – (S$68,800,000 – Final NAV); and

(ii) in the event that the Final NAV is equal to or more than S$68,800,000, the Final Consideration shall be equal to the Initial Consideration."

We note that based on the Final Consideration formula above, if the Final NAV falls below S$68,800,000, the Final Consideration will be reduced by the amount of this shortfall. If the Final NAV is above S$68,800,000, the Final Consideration will still be capped at the Initial Consideration of S$118,548,000.

For illustrative purposes, in the event that the Final NAV is S$68,800,000 (being the lowest Final NAV whereby no adjustment will be made to the Initial Consideration), the maximum implied P/NAV multiple for the Target Group will be 1.7x[1], which is within the P/NAV range for the Comparable Construction Companies and the Precedent Construction M&As. Please refer to sections 6.2.4 and 6.2.5 of this Letter on the evaluation on the Comparable Construction Companies and the Precedent Construction M&As respectively.

We note that such Consideration Adjustment is not an uncommon feature used in sale and purchase agreements whereby there is a time duration between the signing date of the sales and purchase agreement and the completion date of the acquisition to adjust the consideration paid for the target for any changes in the target's financial position or performance from the signing date to the completion date.

6.2.3 Valuation Analysis of the Target Group by the Independent Valuer

The Company had appointed RSM SG Corporate Advisory Pte Ltd (the "**Independent Valuer**") to conduct independent valuation on the Target Group (the "**Valuation Report**") as at 30 June 2024. A summarised version of the Valuation Report ("**Summary Valuation Report**") is set out in **Appendix B** to the Circular.

We note that the Independent Valuer has the relevant experience and track record acting as independent valuer for similar transactions involving SGX-ST listed companies. The Independent Valuer had carried out the valuation in accordance with International Valuation Standards (IVS). The valuation was on the basis of "market value" defined under the International Valuation Standards as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*"

[1] Maximum implied P/NAV calculated based on the Initial Consideration of S$118,548,000 and the illustrative NAV of S$68,800,000 (whereby no adjustment will be made to the Initial Consideration).

Valuation methodologies and approaches

The Independent Valuer has considered the following three (3) valuation approaches in arriving at the valuation of the Target Group:

Income Approach

Income Approach values the asset by reference to the capitalised value of income, cash flows or cost savings that could hypothetically be earned or achieved by a market participant owning the asset. The principle of this approach is that the value of the asset can be measured by the present worth of the economic benefits to be received over the asset's life. This approach estimates the future economic benefits and discounts these benefits to its present value using an appropriate discount rate for all risks associated with realizing those benefits.

As the financial forecast have been prepared for some entities, the Independent Valuer had considered the income approach to be appropriate for valuing CESC, CESE, CESB, CESP SG, CESP MY, SDC, Salcon SG, Salcon Technologies, Salcon MY, Salcon International, Innovfab, Eura, Genswitch and GRC Buxton (as defined herein), as the market value of these entities would be derived mainly from the expected free cash flows to be generated by the entities in the future.

Market Approach

The market approach uses valuation multiples of comparable companies as indicator of market value of the subject company. For public company comparables, the information relating to the value of these companies is readily available from the stock exchanges. For private companies, the source of comparables is based on recent private company transactions. Although this approach is widely used, the main difficulty with this approach is the lack of financial information and full details regarding transactions of similar companies.

The Independent Valuer performed a Market Approach as cross-check to the value derived under the Income Approach.

NAV Approach

The asset-based approach to valuation focuses on a company's net asset value (NAV), or the fair market value of its total assets minus its total liabilities, to determine what it would cost to recreate the business or asset of similar utility.

The Independent Valuer had considered the NAV approach to arrive at the market value of CESCon, CES Lodge and CES Eco (as defined herein) due to the following reasons:

(a) CESCon - Principal business activity is an investment holding company. The entity has no standalone operations and its revenue are mainly attributable management fees earned from its subsidiaries. Given that the head office expenses have been considered in each operating entity/ group's cash flows, the Independent Valuer applied the NAV approach for CESCon
(b) CES Lodge - Dormant operating status.
(c) CES Eco - While the company is providing consultancy services in energy management and clean energy business, the Independent Valuer noted that the company was incorporated only in September 2022 and lacks historical financial performance. This company is still in its initial stages of operations and although it has started generating revenue, it is operating at losses. In addition, the Target Group's management was also unable to provide the financial forecast for CES Eco.
(d) GRC Pacific, GRC Holdings and GRC Builders – These entities are investment holding companies and as such have no standalone operations. Their revenue is mainly attributable management fees earned from subsidiary entities.

We have not made any independent evaluation or appraisal of the Target Group and we have been furnished with the Valuation Report in respect of the fair value of the Target Group. With respect to such valuation, we are not experts in the evaluation or appraisal of the Target Companies and have relied on the Valuation Report for the fair value of the Target Group as mentioned in this section.
Below is the summary of the key bases and assumptions of the Valuation Report:

Table 1: Summary of the market value range of the Target Group

No.	Entity name	Valuation Approach	Shareholding (%)	Principal Business	Weighted average cost of capital (%)	Terminal growth rate (%)	Market Value Range (S$'000)
1	Chip Eng Seng Construction Pte. Ltd. **("CESCon")**	NAV Approach	100%	Investment Holding	N/A	N/A	6,113
2	Chip Eng Seng Contractors (1988) Pte Ltd **("CESC")**	Income Approach	100%	Building & Construction	10.6%	2.0%	86,092 - 93,823
3	CES Engineering & Construction Pte. Ltd. **("CESE")**	Income Approach	100%	Building & Construction			
4	CES Building and Construction Pte. Ltd. **("CESB")**	Income Approach	100%	Building & Construction			
5	CES–Precast Pte. Ltd. **("CESP SG")**	Income Approach	100%	Precast Technology	11.9%(1)	2.0%	(46,494) - (43,434)
6	CES–PreCast Sdn Bhd **("CESP MY")**	Income Approach	100%	Precast Technology			
7	SDC Group **("SDC")**	Income Approach	100%	Civil Infrastructure	10.6%	2.0%	60,172 - 61,481
8	CES_Lodge Pte Ltd. **("CES Lodge")**	NAV Approach	100%	Dormant	N/A	N/A	25
9	CES_Salcon Pte. Ltd. **("Salcon SG")**	Income Approach	100%	Water Treatment	9.4%	2.0%	1,282 - 1,615
10	Salcon Technologies Pte. Ltd. **("Salcon Technologies")**	Income Approach	100%	Water Treatment			
11	CES Salcon Sdn Bhd **("Salcon MY")**	Income Approach	100%	Water Treatment			
12	PT CES Salcon International **("Salcon International")**	Income Approach	100%	Water Treatment			
13	CES Eco Solutions Pte Ltd **("CES Eco")**	NAV Approach	100%	Clean Energy	N/A	N/A	(16)
14	CES_INNOVFAB Pte. Ltd. **("Innovfab")**	Income Approach	100%	Modular Construction	12.1%	- (2)	(5,134) - (5,109)
15	Eura Construction Supply Pte Ltd **("Eura")**	Income Approach	55%	Building & Construction and Electrical Works	10.8%(3)	- (4)	(419) - (417)
16	Genswitch Solutions Private Limited **("Genswitch")**	Income Approach	51%	Building & Construction and Electrical Works			
17	GRC Pacific Pte Ltd **("GRC Pacific")**	NAV Approach	100%	Building & Construction	N/A	N/A	13,701 - 14,267
18	GRC Holdings (Australia) Pty Ltd **("GRC Holdings")**	NAV Approach	100%	Building & Construction	N/A	N/A	
19	GRC Builders (Australia) Pty Ltd **("GRC Builders")**	NAV Approach	100%	Building & Construction	N/A	N/A	
20	GRC Buxton Pty Ltd **("GRC Buxton")**	Income Approach	80%	Building & Construction	13.4%	2.5%	
						Total	**115,322 - 128,350**

Notes:

(1) Blended WACC applied on CESP SG and CESP MY of 11.9%, weighted based on FY2020 to 1H2024 revenue of CESP SG and CESP MY, as these entities are operating in different countries but forecast provided are on a consolidated basis.

(2) Innovfab does not have a terminal growth rate, as the company is expected to be loss making in the short run, as the company is still trying to scale up its operations as at the valuation date, which is reflected in the negative earnings in the explicit forecast period.

(3) Blended WACC applied on Eura and Genswitch of 10.8%, weighted based on FY2024 revenue of Eura and Genswitch, as these entities are operating in different industries but forecast provided are on a consolidated basis.

(4) The Independent Valuer did not attribute terminal value in the computation for Eura and Genswitch as the company is expected to be loss making in the short run and is still trying to scale up its operations as at the Valuation Date, which is reflected in the negative earnings in the explicit forecast period. The management of the Target Group is unable to extend the projections beyond FY2026 as there is no visibility of potential projects after FY2026.

<u>Key assumptions highlighted by the Independent Valuer</u>

We extract the key assumptions and critical key drivers highlighted by the Independent Valuer in the Valuation Report as follows:

(a) The relevant date of the valuation undertaken is 30 June 2024. The market value range of 100% share capital of the Target Group as at the valuation date was derived using the sum-of-parts method which considered the respective shareholding interests that the Target Group has in each entity.

(b) The Independent Valuer performed the analysis based on the financial information of the Target

Group provided and that management of the Company and Target Group is primarily responsible for the accuracy and completeness of such information.

(c) Target Group (with the exception of Innovfab, Eura and Genswitch) is operating on a going concern basis, with sufficient working capital to support future expenditure and possessing the capability to achieve its financial forecast.

(d) The revenue forecast for the entities within the Target Group (with the exception of Innovfab) is based on existing projects outlined in the order book, as well as new projects with a confidence level exceeding 70%. Additionally, projects with a confidence level below 70% are also included, with their contributions calculated by multiplying the project's contract sum by its respective confidence level.

(e) The reliability and achievability of forecast assumptions, in particular the key revenue and cost drivers which are based upon the order book and potential jobs to be undertaken in the forecast periods.

(f) The entities within the Target Group will be able to maintain its current BCA Workhead Rating grade and the Default Probability rating which determines the value of government contracts that an entity can tender for.

(g) Full compliance with all applicable laws and regulations is assumed and that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any governmental or private entity organisation have been or can be obtained or renewed.

(h) Title to all property is assumed good and marketable unless otherwise stated. All property is further assumed free and clear of any or all liens, easements or encumbrances unless otherwise stated.

(i) All required licenses, certificates of occupancy, consents or other legislative or administrative authority from any governmental or private entity organisation have been or can be obtained or renewed.

(j) Target Group's management has represented that, to the best of their knowledge, there were no pending lawsuits, guarantees, warranties or any other contingent liabilities to be considered.

(k) Valuation conclusion is based upon prevailing market, economic, industry, monetary and other conditions and information made available as at the date of the Valuation Report.

(l) The Independent Valuer had carried out the valuation in accordance with International Valuation Standards (IVS).

Market Value of the Target Group as ascribed by the Independent Valuer

(a) The market value range computed for the Target Group as at the Valuation Date is between S$115.3 to S$128.4 million, and at an average of S$121.8 million; and

(b) We note that the Initial Consideration of S$118.5 million is within range of the market value as appraised by the Independent Valuer and is at approximately S$3.3 million or 2.7% discount to the average valuation for the Target Group of S$121.8 million.

Outlook and Risks Relating to the Building and Construction Industry

The Independent Valuer has highlighted on the outlook, risks and mitigations of the building and construction industry. Relevant extracts are reproduced below:

"According to the market research report titled "Construction Market by Construction Type, by Sector - Global Opportunity Analysis and Industry Forecast 2022-2030" published by Research and Markets in January 2022, the construction market size was valued at US$7.28 trillion in 2021 and is predicted to

reach US$14.41 trillion by 2030. Thus, the industry is expected to record a compounded annual growth rate of 7.3% from 2022 to 2030.

*The Building and Construction Authority projects the total construction demand in Singapore for 2024 to range between S$32 billion and S$38 billion. The public sector is expected to contribute about 55% of the total demand, i.e. approximately S$18 billion to S$21 billion. Public housing projects by the Housing Development Board ("**HDB**") and infrastructure works, including MRT line construction and Changi Airport Terminal 5 construction, are key drivers of public sector demand. The private sector's contribution is projected to be between S$14 billion and S$17 billion, driven by residential and industrial building construction, expansion of Integrated Resorts, redevelopment of commercial premises, as well as development of mixed-used properties.*

Over the medium-term, BCA expects the total construction demand to range between S$31 billion and S$38 billion per year from 2025 to 2028. The public sector is anticipated to continue leading demand with about S$19 billion to S$23 billion per annum, supported by building projects and civil engineering works. Key developments, such as MRT projects and various major public sector initiatives, will also drive demand.

Private sector construction demand is projected to remain steady at approximately S$12 billion to S$15 billion per annum, reflecting healthy investment commitments amid Singapore's strong economic fundamentals.

Risks and Mitigations

Despite near-term challenges such as higher construction costs and regulatory changes, the medium to long-term growth for the industry remains intact. To counter rising costs, construction firms are turning to technology and innovative methods, such as Design for Manufacturing and Assembly (DFMA) and a worker management system, to improve productivity and mitigate losses. The decline in metal prices is also offering some relief to construction companies. Market conditions are expected to improve in 2024, and construction activities are anticipated to recover, contributing to the overall growth of the construction sector in Singapore.

Confirmation from the Independent Valuer and the Board

The Independent Valuer confirms that there have been no events from the date of issuance of the valuation report (being 12 November 2024) to 31 December 2024 which would as at 31 December 2024 result in a material and adverse impact to the 30 June 2024 Valuation, and the Board confirms that to the best of their knowledge and belief, there have been no events from the date of issuance of the valuation report (being 12 November 2024) to 31 December 2024 which would as at 31 December 2024 result in a material and adverse impact to the 30 June 2024 Valuation.

We recommend that the Recommending Directors advise Shareholders to read Appendix B to the Circular on the Summary Valuation Report, in particular the valuation methodologies and principal assumptions used in arriving at the above valuations in respect of the Target Group.

6.2.4 Comparison of valuation ratios of the Target Group implied by the Initial Consideration against similar ratios of comparable companies to the Target Group

We note that the Target Group's primary business segments are in building construction and civil infrastructure, which in total comprises at least 85% of the Target Group's revenue in FY2022, FY2023 and 1H 2024. Please refer to section 6.2.1 of this Letter for the historical financial performance of the Target Group.

In assessing the reasonableness of the Proposed Transaction, we have considered the financial performance, financial position and valuation statistics of selected listed comparable companies with principal activities in the construction of residential, commercial, industrial, civil engineering and infrastructure ("**Comparable Construction Companies**") that may, in our view, be broadly comparable to the Target Group. For a more meaningful comparison, we have selected companies with market capitalisation of up to S$250 million.

We advise the Recommending Directors to note that **there may not be any company listed that is directly comparable to the Target Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria.** We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Companies as the business of these selected companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Target Group may differ. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only an illustrative guide and any conclusion draw from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Target Group as at the Latest Practicable Date.

Recommending Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

List of the Comparable Construction Companies

Comparable Companies	Listing Location	Market cap (S$ mn)	Principal activities
Keong Hong Holdings Ltd (SGX:5TT)	Singapore	23.5	Keong Hong Holdings Ltd. offers construction services. The company builds residential, commercial, industrial and institutional construction services. Keong Hong offers construction services in Singapore and the Maldives and develops property in Singapore.
Koh Brothers Group Ltd (SGX: K75)	Singapore	58.2	Koh Brothers Eco Engineering Ltd operates within the industries of construction, building materials, real estate, and leisure. The company designs and installs water treatment systems and partakes in the process of waste water treatment.
KSH Holdings Ltd (SGX: ER0)	Singapore	124.6	KSH Holdings Limited constructs, develops, and manages various properties in Singapore, Malaysia, and the People's Republic of China.
Lum Chang Holdings Ltd (SGX: L19)	Singapore	108.6	Lum Chang Holdings Limited is an investment holding company whose subsidiaries provide services such as property development and management, building construction, and investment dealing. The company also provides home and office improvement services via the Internet for home and office owners.
OKP Holdings Ltd (SGX: 5CF)	Singapore	150.4	OKP Holdings Ltd is a road builder and construction company which, with its subsidiaries, construct urban and arterial roads, expressways, vehicular bridges and flyovers. The Group also reconstructs work performed on roads, road reserves, pavements, footpaths and kerb, guardrails, railings, drains, signboards as well as bus bays and shelters.
Soilbuild Construction Group Ltd (SGX: S7P)	Singapore	139.3	Soilbuild Construction Group Ltd is involved in the general building and construction. The company is principally engaged in building works in Singapore in which they act as the main contractor. In addition, they are also engaged in architectural works in Singapore in which they act as a direct contractor and project management services.
Tiong Seng Holdings Ltd (SGX: BFI)	Singapore	42.9	Tiong Seng Holdings Ltd. is a construction company. The Company's activities include building construction and civil engineering business is in Singapore.

Source: Bloomberg L.P. as at Latest Practicable Date

Table 2: Valuation Statistics of Comparable Construction Companies

Comparable Companies	Financial Period	Market Capitalisation (S$ mn)	PER[(1)] (x)	EV/ EBITDA[(2)] (x)	P/NAV[(3)] (x)	P/Sales[(4)] (x)
Keong Hong Holdings Ltd	30-Sep-24	23.5	21.7	N.M.[(7)]	0.4	0.1
Koh Brothers Group Ltd	31-Dec-24	58.2	N.M.[(7)]	34.1	0.2	0.2
KSH Holdings Ltd	30-Sep-24	124.6	N.M.[(7)]	N.M.[(7)]	0.4	1.0
Lum Chang Holdings Ltd	31-Dec-24	108.6	15.0	2.6	0.7	0.2
OKP Holdings Ltd	31-Dec-24	150.4	4.5	1.5	0.8	0.8
Soilbuild Construction Group Ltd	31-Dec-24	139.3	7.3	4.9	1.7	0.6
Tiong Seng Holdings Ltd	31-Dec-24	42.9	15.2	5.1	0.6	0.1
Maximum			**21.7**	**34.1**	**1.7**	**1.0**
Minimum			**4.5**	**1.5**	**0.2**	**0.1**
Median			**15.0**	**4.9**	**0.6**	**0.2**
Mean			**12.7**	**9.7**	**0.7**	**0.4**
The Target Group	31-Dec-23	**118.5**	**N.M.**[(5)(7)]	**N.M.**[(5)(7)]	**1.7** [(5)]	**0.2** [(5)]
	30-Jun-24	**118.5**	**10.9** [(6)]	**2.1** [(6)]	**1.6** [(6)]	**0.2** [(6)]

Source: Bloomberg L.P. as at Latest Practicable Date and respective company disclosures

Notes:

*(1) The Price-Earnings Ratio ("**PER**") was calculated based on the ratio of market capitalisation as at Latest Practicable Date to trailing 12 months net profit after tax attributable to shareholders of the respective companies.*

*(2) The enterprise value ("**EV**") was calculated based on the sum of the companies' market capitalisation as Latest Practicable Date, preferred equity, minority interests, short and long-term debts less cash and cash equivalents. The earnings before interest, taxes, depreciation and amortization ("**EBITDA**") is computed based on the trailing 12 months period ending on the corresponding financial quarter for which financial results have been published.*

*(3) The Price to NAV ("**P/NAV**") was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NAV attributable to shareholders of the respective companies.*

*(4) The Price to Sales ("**P/Sales**") was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the trailing 12 months revenue of the respective companies.*

(5) Based on the Initial Consideration of S$118.5 million and the Target Group's full year financial results as at 31 December 2023.

(6) Based on the Initial Consideration of S$118.5 million and the Target Group's interim 6-months period ended 30 June 2024.

(7) N.M. denotes not meaningful as the company reported negative earnings for the period.

Based on the table above, we note the following:

(i) Comparisons against the PER and EV/EBITDA for the Target Group for the full year ended 31 December 2023 are not meaningful as the Target Group reported negative earnings for the period;

(ii) The PER of 10.9x based on the Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within the range and below the median (more favourable) of the PER of the Comparable Construction Companies;

(iii) The EV/EBITDA of 2.1x based on the Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within the range and below the median (more favourable) of the EV/EBITDA of the Comparable Construction Companies;

(iv) The P/NAV of 1.7x and 1.6x based on the Initial Consideration for the Target Group as at 31 December 2023 and 30 June 2024 respectively is within range and above the median (less favourable) of the P/NAV of the Comparable Construction Companies; and

(v) The P/Sales of 0.2x based on the Initial Consideration for the Target Group as at 31 December 2023 and 30 June 2024 is within range and similar to the median of the P/Sales of the Comparable Construction Companies.

As set out in previous paragraphs, we note the Target Group's performance has successfully turnaround in 1H2024 compared to 1H2023 and has provided positive earnings and cash flow. We note that the Target Group is not asset intensive and does not invest heavily in land or buildings that will require significant capital expenditure. Accordingly, we are of view that the earnings-based ratios, namely PER and EV/EBITDA, are more appropriate in our assessment of the Proposed Transaction as it takes into consideration the profitability and positive cash flows generated by the Target Group.

6.2.5 Comparison of valuation ratios of the Target Group implied by the Initial Consideration against similar ratios of precedent acquisition transactions in the construction industry

We have reviewed selected transactions completed which involve the mergers and acquisitions of shares of companies in the construction sector in Singapore (the "**Precedent Construction M&As**"). We have not included transactions whereby transaction details are not publicly available.

In the evaluation we had conducted a search for comparable M&A transactions the past 3 years whereby transaction details are publicly available. However, due to the limited number of transactions with information readily available in the public domain, we further expanded our search over a longer period for a more meaningful illustrative comparison. Furthermore, the selection period reflects precedent M&A transactions that were completed prior to the Covid-19 pandemic which had a significant impact to Singapore's construction sector.

Table 3: Precedent Construction M&As

Acquirer	Details of acquisition	Date of completion	Purchase consideration (S$'mn)	PER (x)	EV/EBITDA (x)	P/NAV (x)	P/Sales (x)
Koh Brothers Eco Engineering Limited	100% of the issued and paid-up share capital of Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. (1)	1-Jul-16	19.0	31.3	2.0	1.0	0.1
Ocean Sky International Limited	70% of the remaining issued and paid-up share capital of Ang Tong Seng Brothers Enterprises Pte Ltd (2)	30-Nov-16	22.8	9.0	5.6	4.3	1.2
Chasen Holdings Limited	17% of the issued and paid-up share capital of Hup Lian Engineering Pte Ltd.(3)	20-Jul-18	0.7	Undisclosed	Undisclosed	1.0	Undisclosed
Penta-Ocean Construction Co., Ltd.	Subscription of 810,000,000 new shares in Koh Brothers Eco Engineering Limited, representing approximately 28.75% of the enlarged share capital of the company. (4)	8-Jun-21	38.1	N.M.(8)	16.3	0.9	0.7
Pan Asian Holdings Limited	100% of the issued and paid-up share capital of Sevens Creation Pte. Ltd. which owns two wholly owned subsidiaries, Sevens Build Pte. Ltd.and Sevens Design Pte. Ltd (5)	14-Jun-22	12.0	8.1	6.8	1.0	1.9
Union Steel Holdings Limited	100% of the issued and paid-up share capital of Fastweld Engineering Construction Pte Ltd. (6)	26-Nov-22	2.5	4.9	Undisclosed	1.6	Undisclosed
GTV Capital Pte. Ltd.	Cash offer to acquire 30.5% of the issued and paid-up share capital of Sysma Holdings Limited not held by the offeror and its concert parties (7)	3-Aug-23	12.9	56.7	3.2	0.7	0.8
Maximum				**56.7**	**16.3**	**4.3**	**1.9**
Minimum				**4.9**	**2.0**	**0.7**	**0.1**
Median				**9.0**	**5.6**	**1.0**	**0.8**
Mean				**22.0**	**6.8**	**1.5**	**0.9**
The Target Group (Based on the full year financial results as at 31 December 2023)			**118.5**	**N.M.**(8)	**N.M.**(8)	**1.7**	**0.2**
The Target Group (Based on the interim 6-months period ended 30 June 2024)			**118.5**	**10.9**	**2.1**	**1.6**	**0.2**

Sources: Respective company disclosures and circulars

Notes:
(1) Based on the audited financials of Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. for the financial year ended 31 December 2015.
(2) Based on the audited financials of Ang Tong Seng Brothers Enterprises Pte Ltd for the financial year ended 31 December 2015.
(3) Based on the adjusted net assets of Hup Lian Engineering Pte Ltd as at 31 March 2017.
(4) Based on the pro forma financial effects for the subscription of shares prepared based on the audited consolidated financial statements of Koh Brothers Eco Engineering Limited for FY2020.
(5) Based on the management accounts of Sevens Creation Pte. Ltd. for the twelve-month period from 1 December 2020 to 30 November 2021 as disclosed in the valuation report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

(6) Based on Fastweld Engineering Construction Pte Ltd. latest management accounts book value of approximately S$1,552,000 for the financial period ended 31 October 2022; and S$508,000 net profits recorded for the proforma unaudited financial statements for the twelve-month period from 1 July 2021 to 30 June 2022.
(7) Based on the offer price of S$0.168 and the unaudited trailing twelve-month financials of Sysma Holdings Limited as at 31 January 2023.
(8) N.M. denotes not meaningful as the company reported negative earnings for the period.

Based on the table above, we note the following:

(a) Comparisons against the PER and EV/EBITDA for the Target Group for the full year ended 31 December 2023 are not meaningful as the Target Group reported negative earnings for the period;

(b) The PER of 10.9x based on the Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within the range and above the median (less favourable) of the PER multiples of the Precedent Construction M&As;

(c) The EV/EBITDA of 2.1x based on Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within range and below the median (more favourable) of the EV/EBITDA multiples of the Precedent Construction M&As;

(d) The P/NAV of 1.7x and 1.6x as at 31 December 2023 and 30 June 2024 respectively based on Initial Consideration for the Target Group is within range and above the median (less favourable) of the P/NAV of the Precedent Construction M&As;

(e) The P/Sales of 0.2x and 0.2x as at 31 December 2023 and 30 June 2024 respectively based on Initial Consideration for the Target Group is within range and below the median (more favourable) of the P/Sales of the Precedent Construction M&As.

As set out in previous paragraphs above, we are of view that the earnings-based ratios, namely PER and EV/EBITDA, are more appropriate in our assessment of the Proposed Transaction as it takes into consideration the profitability and positive cash flows generated by the Target Group.

We wish to highlight that the list of Precedent Construction M&As is not exhaustive, and that the transactions are distinct and might not be identical to the Proposed Transaction and largely dependent on various factors, including, *inter alia*, the rationale for the acquisition, then prevailing market conditions and sentiments, capital structure, size of operations, risk profile, growth profile, future prospects, accounting policies, the mode of settlement of the purchase consideration and other relevant criteria. Accordingly, any comparison made with respect to the Precedent Construction M&As is intended to serve as an illustrative guide only.

We further wish to highlight that the underlying data used to calculate the valuation ratios in our analysis has been extracted from the relevant target companies' financial statements, announcements, disclosures and other relevant information sources. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

6.3 Financial Assessment of the Proposed Issuance

6.3.1 Comparison of Issue Price against Historical Share Price

<u>**Historical Share Price performance**</u>

The following presents the historical chart of the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 5 December 2021, being the last 3-year period prior to 4 December 2024, being the Acquisition Announcement Date, and ending on the Latest Practicable Date.

Chart 1: Share Price Performance from 5 December 2021 up to the Latest Practicable Date

Period from 5 December 2021 up to the Acquisition Announcement Date on 4 December 2024

Based on Chart 1, between 5 December 2021 to the Acquisition Announcement Date, the Shares were traded at a range of between S$0.010 to S$0.036 with an average closing price of S$0.024.

Period from Acquisition Announcement Date up to the Latest Practicable Date

Between the Acquisition Announcement Date and up to the Latest Practicable Date, the Shares were trading below the Issue Price at a range between S$0.025 to S$0.032 with an average closing price of S$0.028.

We wish to highlight that there is no assurance that the price of the Shares will remain at the current levels in the event that the Proposed Transaction proceeds or does not proceed. The historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Shares, which will be governed by, amongst other factors, the performance and prospects of the Group, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

Comparison of Issue Price against historical traded Share Price

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares commencing from 5 December 2023, being the 12-month period prior to the Acquisition Announcement Date, and ending on the Latest Practicable Date:

Table 4: Share Price Performance and Trading Liquidity Table

	VWAP[(1)] (S$)	Premium/ (Discount) of the Issue Price to VWAP per Share (%)	Lowest Transacted Price (S$)	Highest Transacted Price (S$)	Average daily trading volume[(2)] (Shares)	Average daily trading volume as % of Free-float
<u>**For the period prior to the Acquisition Announcement Date[(3)]**</u>						
Last 12 months	0.013	304.0%	0.010	0.018	642,798	0.11%
Last 6 months	0.013	304.0%	0.010	0.018	959,466	0.17%
Last 3 months	0.014	275.1%	0.011	0.018	1,191,131	0.21%
Last 1 month	0.014	275.1%	0.011	0.018	2,240,495	0.40%
Last Trading Day[(4)]	0.018	191.8%	0.016	0.018	7,004,700	1.24%
<u>**For the period immediately after the Acquisition Announcement Date up to the Last Practicable Date[(5)]**</u>						
From the market day after the Acquisition Announcement Date up to and including the Latest Practicable Date	0.029	82.4%	0.020	0.035	14,670,116	2.60%
Latest Practicable Date	0.028	87.6%	0.028	0.031	11,459,800	2.03%

Source: Bloomberg L.P. as at the Latest Practicable Date

Notes:

1. *The Volume Weighted Average Price ("**VWAP**") was calculated by adding up the dollar value for every transaction and then dividing by the total shares traded for the day which were rounded to the nearest three decimal places. Figures and computation above are subject to rounding.*
2. *The average daily trading volume of the Shares was computed based on the total number of Shares traded during the relevant periods divided by the number of market days which the SGX-ST is open for the trading of securities ("**Market Day**") for the relevant periods.*
3. *Free-float is approximately 564,903,209 Shares of the issued share capital held by the public as estimated by Bloomberg L.P. as at the Last Trading Day.*
4. *The Last Trading Day was defined as 4 December 2024 being the last full day of trading of the Shares, prior to the Acquisition Announcement Date on 4 December 2024 after market close. The closing price on the Last Trading Day is shown instead of VWAP.*
5. *The closing price on the Latest Practicable Date being 28 February 2025 is shown instead of VWAP*

Based on the table above, we note that:

(i) the Issue Price is at a significant premium of approximately 275.1%, 275.1%, 304.0% and 304.0% to the VWAP for the Shares for the period one-month, three-months, six-months and twelve-months prior to the Acquisition Announcement Date, respectively;

(ii) the Issue Price is at a significant premium of approximately 191.8% from the last transacted price of S$0.018 per Share on the Last Trading Day;

(iii) the Issue Price is at a significant premium of approximately 82.4% from the VWAP for the Shares for the period on the Acquisition Announcement Date up to the Latest Practicable Date; and

(iv) the average daily trading volume of the Shares as a percentage of Free-float is 0.11% for the period 12-months prior to the Acquisition Announcement Date.

6.3.2 Comparison of Issue Price against the NAV/NTA per Share

Based on the latest audited NAV of the Group of S$59.3 million as at 30 June 2024 and the issued share capital of 1,128,657,445 as at Latest Practicable Date, the audited NAV per Share is approximately S$0.05252. The Issue Price of S$0.05252 per Share is equal to the NAV per Share of the Group.

Based on the latest unaudited NAV of the Group of S$60.8 million as at 31 December 2024, and the issued share capital of 1,128,657,445 as at Latest Practicable Date, the unaudited NAV per Share is approximately S$0.05388. The Issue Price to unaudited NAV per share and the discount to the unaudited NAV per Share as at 31 December 2024 are approximately 0.975x and 2.5% respectively.

The Group had no intangible assets as at 30 June 2024 and 31 December 2024. Accordingly, there is no difference between the NAV and NTA for the Group.

Between 30 June 2024 and the Latest Practicable Date

In respect of the above, the Directors and Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, save for what have been previously disclosed above, in the Circular, the annual reports and its announcements on the SGXNET:

(i) there are no material events that have or will likely have a material impact on the financial position of the Group since 30 June 2024;

(ii) save for the revaluation of the investment properties held by the Group, there are no material differences between the realisable value of the Group's assets and their respective book values as at 30 June 2024 which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;

(iii) there are no other off-balance sheet and contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;

(iv) there are no litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Group taken as a whole;

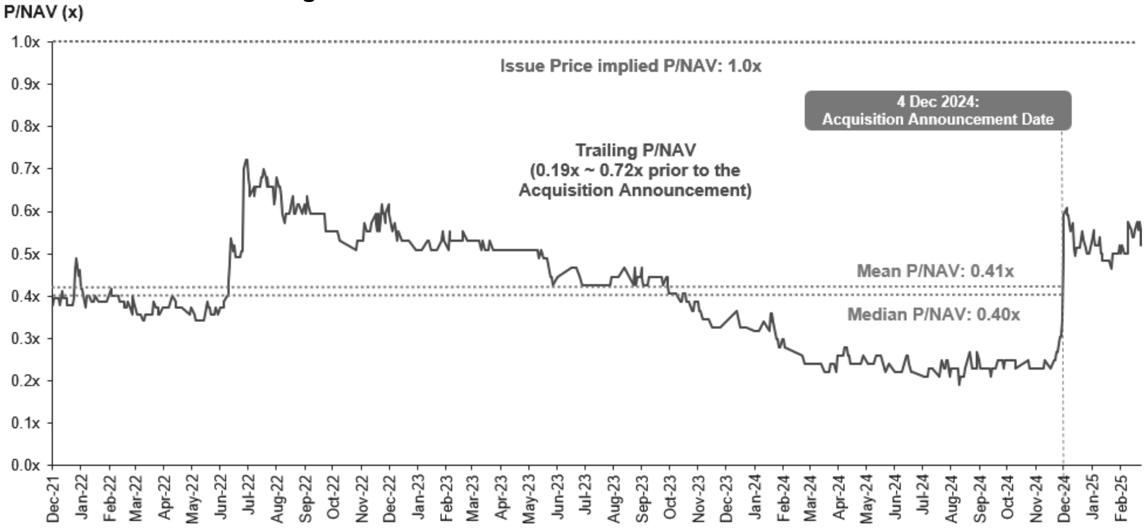
(v) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the International Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and

(vi) there are no material acquisitions and disposals of assets by the Group between 30 June 2024 and the Latest Practicable Date, other than in the ordinary course of business, and the Group does not have any plans for any such impending material acquisition or disposal of assets (save for the Proposed Transaction), conversion of the use of its material assets or material changes in the nature of the Group's business.

Historical Trailing P/NAV ratio of the Company

We have compared the historical market Share price of the Company and Issue Price against the Trailing NAV per Share of the Company over the 3-year period prior to the Acquisition Announcement Date and ending on the Latest Practicable Date.

Chart 2: Historical Trailing P/NAV ratio



Based on the chart above, we note that:

(i) The Share price has historically been trading at a discount to the NAV per Share, with a trailing P/NAV ratio of between 0.19x to 0.72x for the 3-year period prior to the Acquisition Announcement Date, with an average historical trailing P/NAV ratio of 0.41x over the same period; and

(ii) The implied P/NAV of 1.0x based on the Issue Price is above the range of the historical trailing P/NAV ratios (more favourable) for the 3-year period prior to the Acquisition Announcement Date.

Shareholders should note that the computation above is solely for illustration purposes as the NAV may not be fully realisable at its book value or revalued value, especially within a short time frame, and the market value of some of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such assets. Also, we wish to highlight that the NAV of the Group may deteriorate further if the Group incurs losses after 30 June 2024.

6.3.3 Comparison of the valuation ratios as implied by the Issue Price against similar ratios of comparable companies to the Group

In assessing the Issue Price, we have also made comparison to listed companies with businesses comparable to the Group. Based on the annual reports of the Company, we understand that the Group is principally involved in property investment of industrial properties in Singapore, with other secondary operating segments in construction services and property development. We have considered comparable companies with principal activities in industrial property investment and development in Singapore. Given the lack of comparable companies with investment properties focused in industrial properties, we had also included companies in investment and development of other properties including commercial and retail properties (the "**Comparable Property Development Companies**").

We advise the Recommending Directors to note that **there may not be any company listed that is directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria**. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Property Development Companies as the business of these selected companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Group may differ. In addition, we wish to highlight that the list of Comparable Property Development Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only an illustrative guide and any conclusion draw from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

Recommending Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, inter alia, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

List of the Comparable Property Development Companies

Comparable Companies	Listing Location	Market cap (S$ mn)	Principal activities
Amcorp Global Ltd (SGX: S9B)	Singapore	55.9	Amcorp Global Limited operates as a real estate developer. The Company develops commercial and residential properties. Amcorp Global serves customers in Singapore.
Hong Lai Huat Group Ltd (SGX: CTO)	Singapore	29.0	Hong Lai Huat Group Limited operates as a real estate development company. The Company develops residential, commercial, and industrial properties. Hong Lai Huat Group serves customers in Singapore.
Oxley Holdings Ltd (SGX:5UX)	Singapore	287.4	Oxley Holdings Ltd. develops real estate. The Company develops residential and commercial projects in accessible locations. Oxley also develops light industrial buildings that include swimming pools and other recreational amenities.
Sing Holdings Ltd (SGX: 5IC)	Singapore	144.4	Sing Holdings Ltd. develops real estate. The Company develops residential, commercial, and industrial properties and retains a stake in certain properties.
SLB Development Ltd (SGX: 1J0)	Singapore	200.9	SLB Development Ltd. operates as a property development company. The Company develops industrial, commercial, and retail properties.

Source: Bloomberg L.P. as at Latest Practicable Date

Table 5: Valuation Statistics of Comparable Property Development Companies

Comparable Companies	Financial Period	Market Capitalisation (S$ mn)	PER[(1)] (x)	EV/ EBITDA[(2)] (x)	P/NAV[(3)] (x)
Amcorp Global Ltd	30-Sep-24	55.9	N.M.[(5)]	N.M.[(5)]	0.9
Hong Lai Huat Group Ltd	31-Dec-24	29.0	N.M.[(5)]	N.M.[(5)]	0.3
Oxley Holdings Ltd	31-Dec-24	287.4	N.M.[(5)]	38.5	0.3
Sing Holdings Ltd	31-Dec-24	144.4	14.8	33.8	0.5
SLB Development Ltd	30-Nov-24	200.9	N.M.[(5)]	153.2[(4)]	1.1
Maximum			**14.8**	**153.2**	**1.1**
Minimum			**14.8**	**33.8**	**0.3**
Median			**14.8**	**36.1**	**0.5**
Mean			**14.8**	**36.1**	**0.6**
The Group (Implied by the Issue Price of S$0.05252)	31-Dec-24	**59.3**	**14.3**	**12.5**	**1.0**

Source: Bloomberg L.P. as at Latest Practicable Date and respective company disclosures

Notes:

*(1) The Price-Earnings Ratio ("**PER**") was calculated based on the ratio of market capitalisation as at Latest Practicable Date to trailing 12 months net profit after tax attributable to shareholders of the respective companies.*

*(2) The enterprise value ("**EV**") was calculated based on the sum of the companies' market capitalisation as Latest Practicable Date, preferred equity, minority interests, short and long-term debts less cash and cash equivalents. The earnings before interest, taxes, depreciation and amortization ("**EBITDA**") is computed based on the trailing 12 months period ending on the corresponding financial quarter for which financial results have been published.*

*(3) The Price to NAV ("**P/NAV**") was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NAV attributable to shareholders of the respective companies.*

(4) Excluded from our mean/median analysis as it is a statistical outlier.

(5) N.M. denotes not meaningful as the company reported negative earnings for the period.

Based on the table above, we note the following:

(i) 4 of 5 Comparable Property Development Companies recorded losses for the corresponding review period. Thus, any assessment based on the PER methodology may not be meaningful.

For illustrative purposes, the PER for the Group as implied by the Issue Price is 14.3x and is slightly lower than PER multiple of 14.8x for Sing Holdings Ltd;

(ii) 3 of 5 Comparable Property Development Companies recorded (a) negative EBITDA; or (b) marginal EBITDA with respect to its EV which resulted in high implied multiples. Thus, any assessment based on the EV/EBITDA methodology may not be meaningful.

In addition, we had compared the historical trading multiples of the Comparable Property Development Companies to take into account, inter alia, for the varying financial results and market conditions across the past 3 fiscal years. We note from the table below that the PER and EV/EBITDA multiples of the Comparable Property Development Companies vary significantly over the years as they recorded lumpy earnings over the years. This may be due to the longer real estate investment/development cycle. As such earnings-based multiples may not be a reflective methodology for Comparable Property Development Companies.

Fiscal year end		31-Mar	31-Dec	30-Jun	31-Dec	31-May
		Amcorp Global Ltd	**Hong Lai Huat Group Ltd**	**Oxley Holdings Ltd**	**Sing Holdings Ltd**	**SLB Development Ltd**
PER	FY2022	N.M.	N.M.	26.4	13.3	4.1
	FY2023	80.0	N.M.	N.M.	17.1	21.4
	FY2024	N.M.	N.M.	N.M.	13.5	N.M.
	Mean	**80.0**	**N.M.**	**26.4**	**14.6**	**12.7**
	Median	**80.0**	**N.M.**	**26.4**	**13.5**	**12.7**
EV/EBITDA	FY2022	91.8	2.3	20.1	23.0	10.3
	FY2023	10.4	N.M.	45.8	25.1	23.3
	FY2024	10.6	N.M.	179.4	35.9	68.2
	Mean	**37.6**	**2.3**	**81.7**	**28.0**	**34.0**
	Median	**10.6**	**2.3**	**45.8**	**25.1**	**23.3**
P/NAV	FY2022	0.5	0.3	0.7	0.5	0.5
	FY2023	0.7	0.3	0.6	0.4	0.5
	FY2024	0.9	0.3	0.4	0.4	0.4
	Mean	**0.7**	**0.3**	**0.6**	**0.4**	**0.5**
	Median	**0.7**	**0.3**	**0.6**	**0.4**	**0.5**

Source: Bloomberg L.P. and respective company disclosures

For illustrative purposes, the EV/EBITDA of 12.5x for the Group as implied by the Issue Price is below the range (less favourable) of the EV/EBITDA multiples of Comparable Property Development Companies; and

(iii) It is important to note that the Group's asset base largely consists of investment properties and asset classified as held for sale (collectively being 93.5% of the Group's total assets as at 31 December 2024.

Given the above, we are of the view that the NAV approach would be the appropriate comparable methodology to provide an estimate of the value of the Group assuming the hypothetical sale of all their assets over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group, and the balance proceeds, if any, be distributed to all shareholders. Therefore, the NAV is perceived as providing support for the value of the Shares.

The P/NAV of 1.0x for the Group as implied by the Issue Price is within the range and above the median the range (more favourable) of the P/NAV of the Comparable Property Development Companies.

6.3.4 Comparison of Issue Price against the issue price of precedent acquisitions whereby purchase considerations were satisfied by the issuance of new shares (wholly or in part)

In assessing the Issue Price, we have also made comparison to precedent acquisitions with purchase considerations paid for (wholly or in part) by the issuance of new shares completed since 1 January 2023 up to the Latest Practicable Date (the "**Precedent Consideration Share Issuances**"). We have not included transactions whereby transaction details are not available in the public domain.

Table 4: Precedent Consideration Share Issuances

Name of company	Details of the acquisitions	Date of Completion	Consideration breakdown: Cash (S$'mn)	Consideration breakdown: Shares (S$'mn)	Total consideration (S$'mn)	Issue Price premium/(discount) to: Last Price prior to annc	1M VWAP prior to annc	12M VWAP prior to annc
Totm Technologies Limited	49.0% of the remaining issued and paid-up shares of International Biometrics Pte. Ltd. not held by the company.	10-Jan-23	0.0	65.9	65.9	13.8%	11.1%	(14.6%)
Luminor Financial Holdings Limited	58.4% of the issued and paid-up share capital of Funded Here Pte. Ltd.	1-Feb-23	0.0	2.4	2.4	240.9%	193.3%	180.5%
Heatec Jietong Holdings Ltd.	100% of the issued and paid-up share capital of Setya Energy Pte. Ltd.	6-Feb-23	0.0	2.7	2.7	(58.8%)	(58.8%)	10.0%
Arion Entertainment Singapore Limited	100% of the issued and paid-up share capital of Bacui Elitist Technology Limited	17-Apr-23	0.0	1.0	1.0	5.0%	(6.1%)	(1.2%)
Accrelist Ltd.	51% of the issued and paid-up share capital, in SJY Medical Pte. Ltd.	19-Jul-23	0.3	0.3	0.6	0.0%	(5.2%)	6.6%
VCPlus Limited	45% of the total issued and paid-up share capital of Custody Plus Pte. Ltd.	25-Jul-23	0.0	0.6	0.6	66.7%	99.3%	26.8%
AsiaMedic Limited	Acquisition of licensed aesthetics clinic known as LE Private Clinic	22-Aug-23	0.0	0.3	0.3	0.0%	(7.6%)	(30.0%)
LifeBrandz Ltd.	Acquisition of (i) 51.0% of the issued and paid-up share capital of Auspac Investment Management Pte. Ltd.; and (ii) 100% of the issued and paid-up share capital of Auspac Financial Advisory Pty. Ltd.	29-Dec-23	0.4	1.0	1.4	150.0%	133.1%	24.5%
9R Limited	100% of the issued and paid-up share capital of target companies consisting of 7 karaoke businesses in Malaysia.	6-Feb-24	0.9	4.9	5.7	25.0%	28.7%	12.3%
Ever Glory United Holdings Limited	100% of the entire issued and paid-up share capital of Fire-Guard Engineering Pte. Ltd.	7-Feb-24	2.1	2.1	4.2	8.1%	8.9%	81.8%
SMI Vantage Limited	51.0% of the issued and paid-up share capital of Provino Logistics Pte. Ltd.	7-Mar-24	0.5	1.2	1.7	9.1%	7.7%	2.3%
Beverly JCG Ltd.	Acquisition of assets relating to an aesthetic clinic business known as BK Aesthetics Clinic	16-May-24	0.00	0.1	0.1	36.4%	25.1%	(28.0%)
H2G Green Limited	5.7% of the issued and paid-up shares of Gashubunited Utility Private Limited	5-Jun-24	0.00	2.1	2.1	35.8%	36.1%	(20.6%)
Aspial Lifestyle Limited	100% of the issued and paid-up share capital of Niessing Group Pte. Ltd.	8-Jul-24	0.0	18.0	18.0	0.8%	2.4%	0.8%
Yoma Strategic Holdings Ltd.	20% of the issued and paid-up shares of Yoma Fleet Limited	26-Jul-24	0.0	18.5	18.5	8.9%	30.9%	65.5%
Livingstone Health Holdings Limited	49% of the issued and paid-up shares of Phoenix Medical Group Pte. Ltd.	1-Aug-24	0.8	0.8	1.6	(10.5%)	(3.4%)	(10.6%)
Biolidics Limited	100% of the registered capital of Shenzhen Xiaozhao Network Technology Co., Ltd	22-Oct-24	0.0	4.1	4.1	0.0%	(9.0%)	(35.4%)
Salt Investments Limited (fka Jasper Investments Limited)	51% of the issued and paid-up shares of Prosper Excel Engineering Pte. Ltd.	16-Nov-24	5.0	2.5	7.5	50.0%	(43.7)%	(18.7)%
G.H.Y Culture & Media Holding Co., Limited	95.0% of the issued and paid-up capital of Orita Sinclair School of Design and Music Pte. Ltd.	23-Dec-24	2.2	0.8	3.0	11.3%	(4.2)%	(35.7)%
Maximum						240.9%	193.3%	180.5%
Minimum						(58.8%)	(58.8%)	(35.4%)
Median						9.1%	7.7%	0.8%
Mean						31.2%	23.1%	11.4%
The Company	**The Proposed Acquisition**		**0.0**	**118.5**	**118.5**	**191.8%**	**275.1%**	**304.0%**

Source: Bloomberg L.P. and respective company disclosures and circulars

Based on the table above, we note that:

(i) the Issue Price is at a significant premium to the Last Trading Day of approximately 191.8% which is within the range and above the median (more favourable) compared to the Precedent Consideration Share Issuances;

(ii) the Issue Price is at a significant premium to the 1-month VWAP for the Shares of approximately 275.1% and above the range (more favourable) compared to the Precedent Consideration Share Issuances; and

(iii) the Issue Price is at a significant premium to the 12-month VWAP for the Shares of approximately 304.0% and above the range (more favourable) compared to the Precedent Consideration Share Issuances.

The above analysis serves as a general indication of the Issue Price premium to historical share prices, without having regard to specific industry characteristics or other relevant considerations. We wish to highlight that the list of Precedent Consideration Share Issuances is not exhaustive, and that the purchase consideration is dependent on various factors, including, *inter alia*, the rationale for the acquisition, then prevailing market conditions and sentiments, capital structure, size of operations, risk profile, growth profile, future prospects, accounting policies, the mode of settlement of the purchase consideration and other relevant criteria. Accordingly, any comparison made with respect to the Precedent Consideration Share Issuances is intended to serve as an illustrative guide only.

6.4 Review of pro forma financial effects of the Proposed Transaction on the Group

The pro forma financial effects of the Proposed Transaction on the Group are set out in **Section 11** of the Circular. The financial effects of the Proposed Transaction have been prepared based on the Group's latest audited consolidated financial statements for the financial year ended 30 June 2024, the Target Group's unaudited condensed interim consolidated financial information for the six (6) months ended 30 June 2024 and for the six (6) months ended 30 June 2023 and the Target Group's audited historical consolidated financial information for financial year ended 31 December 2023.

We also wish to highlight that the financial effects are for illustrative purposes only and do not represent the actual financial position and/or results of the Enlarged Group immediately after Completion.

We recommend that the Recommending Directors advise the Independent Shareholders (IPT) and Independent Shareholders (Whitewash) to read the assumptions made in relation to the preparation of the pro forma financial effects carefully.

Net Tangible Asset (“**NTA**”)

Assuming that the Proposed Transaction was completed on 30 June 2024, the pro forma financial effect of the Proposed Transaction on the NTA of the Group for FY2024 is as follows:

	Before the Proposed Transaction	**After the Proposed Transaction**
NTA of the Group (S$’000)	59,274	124,258
Applicable Number of issued Shares ('000)	1,128,657	3,385,855
NTA per Share (Singapore cents)	5.25	3.67

Earnings per Share ("**EPS**")

Assuming that the Proposed Transaction was completed on 1 July 2023, the pro forma financial effect of the Proposed Transaction on the EPS of the Group for FY2024 is as follows:

	Before the Proposed Transaction	**After the Proposed Transaction**
Profit / (Loss) attributable to Shareholders (S$'000)	3,620	(11,755)
Applicable Number of Issued Shares ('000)	1,128,657	3,385,855
EPS (Singapore cents)	0.32	(0.35)

In our evaluation of the Proposed Transaction, which is the subject of the proposed Whitewash Resolution, we note the following pro forma financial effects on the Enlarged Group:

(i) the NTA per Share of the Group as at 30 June 2024 will decrease from S$0.0525 per Share to S$0.0367 per Share after the completion of the Proposed Transaction; and

(ii) the Group's Earnings per Share for FY2024 will decrease from S$0.0032 per Share to a net loss of S$0.0035 per Share after the completion of the Proposed Transaction.

However, we note that the Target Group has rebounded to a net profit after tax of approximately S$5.4 million in 1H2024 from the net loss after tax of approximately S$7.2 million in 1H2023 and S$28.1 million in FY2023.

6.5 Risk factors relating to the Proposed Transaction and the Target Group's business

The Company could be affected by several risks that may related to the Proposed Transaction and the Target Group, as well as those that may generally arise from, *inter alia*, economical, business, market, legal, regulatory and political factors including the risks set out in **Section 16** of the Circular.

We recommend the Recommending Directors to advise the Independent Shareholders (IPT) to read the section of the Circular carefully.

6.6 Potential dilution on the shareholding interests of current Shareholders (excluding the Vendors and their associates)

As a result of the Proposed Transaction, the aggregate shareholding structure of the Company is as follows:

	Before the Proposed Transaction		**After the Proposed Transaction**	
Shareholder	**No. of issued Shares**	**%(1)(3)**	**No. of issued Shares**	**%(2)(3)**
Current Shareholders (excluding the Vendors and their associates)	628,657,445	55.70	628,657,445	18.57
Vendors and their associates	500,000,000	44.30	2,757,197,258(4)	81.43
Total	**1,128,657,445**	**100.00**	**3,385,854,703**	**100.00**

Notes:

(1) The percentages are calculated based on 1,128,657,445 Shares as at the Latest Practicable Date, and are rounded to two (2) decimal places.

(2) The percentages are calculated based on 3,385,854,703 Shares upon Completion, and are rounded to two (2) decimal places.

(3) In this table, any discrepancies between the listed figures and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this table may not be an arithmetic aggregation of the figures that precede them.

(4) Based on fractional entitlements being disregarded.

Taking into account the shareholding interests of the Vendors and their associates, the Company will continue to have a public float of more than 10% after the Proposed Issuance.

The collective shareholding interests of current Shareholders in the Company will be diluted from approximately 55.7% to 18.6% after the Proposed Issuance. In addition, we noted that the Vendors and their associates will hold in aggregate approximately 81.4% of the enlarged share capital of the Company.

6.7 Moratorium

Subject to Consideration Adjustment, the Vendors will receive an aggregate of up to 2,257,197,258 Shares issued by the Company.

In compliance with the moratorium requirements specified in Rule 1015(3)(c) and Rule 229 of the Listing Manual and imposed by SGX-ST, Haiyi, APL, GT and CT will provide moratorium undertakings in favour of the Company in respect of their entire effective shareholding interest in the Company, the details of which are set out at paragraphs 4.1 to 4.4 of the Circular.

6.8 Implications of the proposed Whitewash Resolution to the Independent Shareholders (Whitewash)

Independent Shareholders (Whitewash) should note that by voting in favour of the proposed Whitewash Resolution, they will be waiving their rights to receive the general offer for all the Shares which the Concert Party Group would otherwise be obliged to make at the highest price paid or agreed to be paid by them for the Shares, as the case may be, in the past six (6) months preceding the allotment and issuance of the Consideration Shares pursuant to the Proposed Acquisition, in accordance with Rule 14 of the Code.

In this regard, it should be noted that result of the Proposed Transaction, APL's shareholding upon Completion and the Tang Restructuring will be approximately 65.43%, and the aggregate shareholding of the Concert Party Group will be approximately 81.43% upon Completion and the Tang Restructuring.

Based on the above, pursuant to obtaining approval from the Independent Shareholders (Whitewash) for the proposed Whitewash Resolution, the allotment and issuance of the Consideration Shares to the Concert Party Group would result in the Concert Party Group holding Shares carrying more than forty-nine per cent. 49.0% of the voting rights of the Company and the Concert Party Group will thereafter be free to acquire additional new Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

6.9 The Key Resolutions are inter-conditional upon each other

We wish to highlight that Ordinary Resolution 1 (the Proposed Acquisition), Ordinary Resolution 2 (the Proposed Issuance), and Ordinary Resolution 3 (the Whitewash Resolution) are inter-conditional upon the passing of each other (the "**Key Resolutions**"). In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried.

Ordinary Resolution 4 (Appointment of RC as Director), Ordinary Resolution 5 (Appointment of MTC as Director), Ordinary Resolution 6 (Appointment of Mr. Tang Jialin as Director), Ordinary Resolution 7 (Appointment of Mr. Abdul Jabbar Bin Karam Din as Director), Ordinary Resolution 8 (Appointment of Prof Low Teck Seng as Director), Ordinary Resolution 9 (Appointment of Dr. Neo Boon Siong as Director), Ordinary Resolution 10 (Appointment of Mr. Shng Yunn Chinn as Director), Ordinary

Resolution 11 (the Proposed Change of Auditor) and Special Resolution 1 (the Proposed Change of Name) are conditional upon the passing of the Key Resolutions and Completion taking place (the "**Conditional Resolutions**"). For the avoidance of doubt, each of the Conditional Resolutions are not inter-conditional upon each other. In the event that any of the Key Resolutions is not passed, the Conditional Resolutions would not be passed.

6.10 Abstentions from voting

Proposed Transaction (comprising the Proposed Acquisition and Proposed Issuance)

Under Rule 919 of the Listing Manual, where a meeting is held to obtain shareholders' approval the interested person and any associate of the interested person must not vote on a resolution in respect of which such person is interested, nor accept appointments as proxies, unless specific instructions as to voting are given. As set out in **Section 7.1** of the Circular, CT, GT, APL, MTC and each of their associates are to abstain from voting (either in person or by proxy) in respect of the resolutions relating to the Proposed Transaction at the SGM to be convened.

Proposed Whitewash Resolution

As set out in **Section 6.1** of the Circular, each of Haiyi, RC, MTC, LD and WTT is a person acting in concert with APL for the purposes of Rule 14.1(b) of the Code and is part of the Concert Party Group. Pursuant to condition 4(c) of the Whitewash Waiver granted by the SIC on 19 November 2024, the Concert Party Group and parties not independent of them will abstain from voting on the proposed Whitewash Resolution at the SGM.

7 SUMMARY OF ANALYSIS

In arriving at our recommendation in respect of the Proposed Transaction (comprising the Proposed Acquisition and Proposed Issuance) and the proposed Whitewash Resolution, we have taken into account the views and representations by the Directors and Management and the factors set out in section 6 above. The key considerations are summarised below. Shareholders should be advised to read the following in conjunction with, and in the context of, the full text of this Letter and the Circular.

(a) Rationale for the Proposed Transaction

We note that the rationale for the Proposed Transaction, appears to be based on sound commercial grounds, notably the Proposed Issuance will enable the Company to issue the Consideration Shares as full payment to the Vendors for the Proposed Acquisition, in lieu of a cash consideration. This allows the Company to fund the Proposed Acquisition while conserving its cash reserves and/or relieving it of the need to seek additional external borrowing. Additionally, it will also align the interests of the Vendors with the Company and its Shareholders.

(b) Historical Financial Performance and Financial Position of the Target Group

We note that the Target Group was profitable in FY2021 and FY2022 but made losses in FY2023. However, the Target Group had turned around and recorded a net profit after tax of approximately S$5.4 million in 1H2024.

We note that the Target Group was in a positive working capital position throughout the Review Period, with a positive working capital of S$35.7 million as at 30 June 2024.

Throughout the Review Period, the Target Group was in a net cash position. The net cash position of the Target Group decreased from S$53.3 million as at 31 December 2022 to S$47.5 million as at 31 December 2023 and increased to S$68.1 million as at 30 June 2024. Cash and cash equivalents increased from S$ 79.6 million as at 31 December 2022 to S$85.9 million as at 31 December 2023, to S$97.3 million as at 30 June 2024.

(c) Initial Consideration and Final Consideration

We note that the Initial Consideration of S$118,548,000 is subject to the Consideration Adjustment. The Initial Consideration for the Proposed Transaction was arrived at on a willing-buyer willing-seller basis, taking into account inter alia, the NAV of the Group as at 30 June 2024 and the independent valuation of the Target as at 30 June 2024.

We note that based on the Final Consideration formula, if the Final NAV falls below S$68,800,000, the Final Consideration will be reduced by the amount of this shortfall. If the Final NAV is above S$68,800,000, the Final Consideration will still be capped at the Initial Consideration of S$118,548,000.

We note that such Consideration Adjustment is not an uncommon feature used in sale and purchase agreements whereby there is a time duration between the signing date of the sales and purchase agreement and the completion date of the acquisition to adjust the consideration paid for the target for any changes in the target's financial position or performance from the signing date to the completion date.

(d) Valuation of the Target Group by the Independent Valuer

We note that the Independent Valuer has the relevant experience and track record acting as independent valuer for similar transactions involving SGX-ST listed companies. The Independent Valuer had carried out the valuation in accordance with International Valuation Standards (IVS). The valuation was on the basis of "market value" defined under the International Valuation Standards.

The market value range computed for the Target Group as at the Valuation Date is between S$115.3 to S$128.4 million, and at an average of S$121.8 million; and

We note that the Initial Consideration of S$118.5 million is within range of the market value as appraised by the Independent Valuer and is at approximately S$3.3 million or 2.7% discount to the average valuation for the Target Group of S$121.8 million.

The Independent Valuer confirms that there have been no events from the date of issuance of the valuation report (being 12 November 2024) to 31 December 2024 which would as at 31 December 2024 result in a material and adverse impact to the 30 June 2024 Valuation, and the Board confirms that to the best of their knowledge and belief, there have been no events from the date of issuance of the valuation report (being 12 November 2024) to 31 December 2024 which would as at 31 December 2024 result in a material and adverse impact to the 30 June 2024 Valuation.

(e) Comparison of Target Group's valuation ratios against Comparable Construction Companies

Comparisons against the PER and EV/EBITDA for the Target Group for the full year ended 31 December 2023 are not meaningful as the Target Group reported negative earnings for the period;

The PER of 10.9x based on the Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within the range and below the median (more favourable) of the PER of the Comparable Construction Companies;

The EV/EBITDA of 2.1x based on the Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within the range and below the median (more favourable) of the EV/EBITDA of the Comparable Construction Companies;

The P/NAV of 1.7x and 1.6x based on the Initial Consideration for the Target Group as at 31 December 2023 and 30 June 2024 respectively is within range and above the median (less favourable) of the P/NAV of the Comparable Construction Companies;

The P/Sales of 0.2x based on the Initial Consideration for the Target Group as at 31 December 2023 and 30 June 2024 is within range and similar to the median of the P/Sales of the Comparable Construction Companies; and

The earnings-based ratios, namely PER and EV/EBITDA, which we deemed to be more appropriate in our assessment of the Proposed Transaction (as it takes into consideration the profitability and positive cash flows generated by the Target Group) are within range of the Comparable Construction Companies.

(f) Comparison of Target Group's valuation ratios against Precedent Construction M&As

Comparisons against the PER and EV/EBITDA for the Target Group for the full year ended 31 December 2023 are not meaningful as the Target Group reported negative earnings for the period;

The PER of 10.9x based on the Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within the range and above the median (less favourable) of the PER multiples of the Precedent Construction M&As;

The EV/EBITDA of 2.1x based on Initial Consideration for the Target Group and the annualised earnings for the interim 6-months period ended as at 30 June 2024 is within range and below the median (more favourable) of the EV/EBITDA multiples of the Precedent Construction M&As;

The P/NAV of 1.7x and 1.6x as at 31 December 2023 and 30 June 2024 respectively based on Initial Consideration for the Target Group is within range and above the median (less favourable) of the P/NAV of the Precedent Construction M&As;

The P/Sales of 0.2x and 0.2x as at 31 December 2023 and 30 June 2024 respectively based on Initial Consideration for the Target Group is within range and below the median (more favourable) of the P/Sales of the Precedent Construction M&As; and

The earnings-based ratios, namely PER and EV/EBITDA, which we deemed to be more appropriate in our assessment of the Proposed Transaction (as it takes into consideration the profitability and positive cash flows generated by the Target Group) are within range of the Precedent Construction M&As.

(g) Historical Share Price performance

We note that between 5 December 2021 to the Acquisition Announcement Date, the Shares were traded at a range of between S$0.010 to S$0.036 with an average closing price of S$0.024.

The Issue Price of S$0.0525 is at a significant premium over the historical share prices, ranging between 191.8% and 304.0% to the Last Trading Price and VWAP for the Shares for the period 12-months prior to the Acquisition Announcement Date.

(h) Issue Price versus the NAV/NTA per Share

Based on the audited NAV of the Group of S$59.3 million as at 30 June 2024 and the issued share capital of 1,128,657,445 as at Latest Practicable Date, the audited NAV per Share is approximately S$0.05252. The Consideration Shares Issue Price of S$0.05252 is approximately equal to the NAV per Share of the Group.

(i) Historical Trailing P/NAV ratio of the Company

The Share price has historically been trading at a discount to the NAV per Share, with a trailing P/NAV ratio of between 0.19x to 0.72x for the 3-year period prior to the Acquisition Announcement Date, an average historical trailing P/NAV ratio of 0.41x over the same period.

The implied P/NAV of 1.0x based on the Issue Price is above the range of the historical trailing P/NAV ratios (more favourable) for the 3-year period prior to the Acquisition Announcement Date.

(j) Valuation ratios of the Company as implied by the Issue Price against Comparable Property Development Companies

The P/NAV of 1.0x for the Group as implied by the Issue Price is within the range and above the median (more favourable) of the P/NAV of the Comparable Property Development Companies.

(k) Comparison against precedent acquisitions by SGX-ST listed companies with purchase considerations satisfied by the issuance of new shares (wholly or in part)

The Issue Price is at a significant premium to the Last Trading Day, one-month VWAP for the Shares and 12-month VWAP for the Shares of approximately 191.8%, 275.1% and 304.0% respectively.

The Issue Price premia is significantly above the range (more favourable) compared to the Precedent Consideration Share Issuances.

(l) Review of pro forma financial effects of the Proposed Transaction

We note the following pro forma financial effects following the completion of the Proposed Transaction:

- the NTA per Share of the Group as at 30 June 2024 will decrease from S$0.0525 per Share to S$0.0367 per Share after the completion of the Proposed Transaction; and

- the Group's Earnings per Share for FY2024 (12-months ended 30 June 2024) will decrease from S$0.0032 per Share to a net loss of S$0.0035 per Share after the completion of the Proposed Transaction.

However, we note that the Target Group has turnaround in 2024 and recorded a net profit (after tax) of approximately S$5.4 million in the first half of 2024 compared to a net loss (after tax) of approximately S$28.1 million in the full year of 2023.

(m) Risk factors

The Company could be affected by several risks that may related to the Proposed Transaction and the Target Group, as well as those that may generally arise from, inter alia, economical, business, market, legal, regulatory and political factors including the risks set out in **Section 16** of the Circular.

(n) Potential dilution on the shareholding interests of current Shareholders (excluding the Vendors and their associates)

Taking into account the shareholding interests of the Vendors and their associates, the Company will continue to have a public float of more than 10% after the Proposed Issuance.

The collective shareholding interests of the current Shareholders in the Company will be diluted from approximately 55.7% to 18.6% after the Proposed Issuance. In addition, we noted that the Vendors and their associates will hold in aggregate approximately 81.4% of the enlarged share capital of the Company.

(o) Moratorium Shares

In compliance with the moratorium requirements specified in Rule 1015(3)(c) and Rule 229 of the Listing Manual and imposed by SGX-ST, Haiyi, APL, GT and CT will provide moratorium undertakings in favour of the Company in respect of their entire effective shareholding interest in the Company, the details of which are set out at paragraphs 4.1 to 4.4 of the Circular.

(p) Implications of the proposed Whitewash Resolution to the Independent Shareholders (Whitewash)

Independent Shareholders (Whitewash) should note that by voting in favour of the proposed Whitewash Resolution, they will be waiving their rights to receive the general offer for all the Shares which the Concert Party Group would otherwise be obliged to make at the highest price paid or agreed to be paid by them for the Shares, as the case may be, in the past six (6) months preceding the allotment and issuance of the Consideration Shares pursuant to the Proposed Acquisition, in accordance with Rule 14 of the Code.

(q) Inter-conditionality of Key Resolutions

We wish to highlight that Ordinary Resolution 1 (the Proposed Acquisition), Ordinary Resolution 2 (the Proposed Issuance), and Ordinary Resolution 3 (the Whitewash Resolution) are inter-conditional upon the passing of each other. In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried.

(r) Abstentions from voting

CT, GT, APL, MTC and each of their associates are to abstain from voting (either in person or by proxy) in respect of the resolutions relating to the Proposed Transaction at the SGM to be convened.

Each of Haiyi, RC, MTC, LD and WTT is a person acting in concert with APL for the purposes of Rule 14.1(b) of the Code and is part of the Concert Party Group. Pursuant to condition 4(c) of the Whitewash Waiver granted by the SIC on 19 November 2024, the Concert Party Group and parties not independent of them will abstain from voting on the proposed Whitewash Resolution at the SGM.

8 RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date and based on the factors, *inter alia*, set out in section 7 above, in particular:

(a) The rationale for the Proposed Transaction which are based on sound commercial grounds, notably that the Proposed Issuance will enable the Company to issue the Consideration Shares as full payment to the Vendors for the Proposed Acquisition, in lieu of a cash consideration. This allows the Company to fund the Proposed Acquisition while conserving its cash reserves and/or relieving it of the need to seek additional external borrowing. Additionally, it will also align the interests of the Vendors with the Company and its Shareholders;

(b) the Initial Consideration of S$118.5 million is within range of the market value as appraised by the Independent Valuer and is at approximately S$3.3 million or 2.7% discount to the average valuation of S$121.8 million;

(c) the earnings-based ratios, namely PER and EV/EBITDA, which we deemed to be more appropriate in our assessment of the Proposed Transaction (as it takes into consideration the profitability and positive cash flows generated by the Target Group) are within range of the Comparable Construction Companies and the Precedent Construction M&As;

(d) the Group's pro forma Earnings per Share for FY2024 (12-months ended 30 June 2024) will decrease from S$0.0032 per Share to a net loss of S$0.0035 per Share. However, we note that the Target Group has turnaround in 2024 and recorded a net profit (after tax) of approximately S$5.4 million in the first half of 2024 compared to a net loss (after tax) of approximately S$28.1 million in the full year of 2023;

(e) after the completion of the Proposed Transaction, the NTA per Share of the Group as at 30 June 2024 will decrease from S$0.0525 per Share to S$0.0367 per Share which is due in part to the Proposed Issuance of Shares to fund the Proposed Acquisition in lieu of a cash consideration;

(f) The Issue Price of S$0.0525 is at a significant premium over the historical share prices, ranging between 191.8% and 304.0% to the Last Trading Price and VWAP for the Shares for the period 12-months prior to the Acquisition Announcement Date; and

(g) The Issue Price premia is also significantly above the range (more favourable) compared to the Precedent Consideration Share Issuances.

Based on the above and subject to the qualifications and assumptions made herein, we are of the view that:

(i) the Proposed Transaction (comprising the Proposed Acquisition and Proposed Issuance) as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders; and

(ii) the terms of the Proposed Transaction, which is the subject of the proposed Whitewash Resolution are fair and reasonable and the proposed Whitewash Resolution is not prejudicial to the interests of the Independent Shareholders (Whitewash).

Accordingly, we are of the view that the Recommending Directors should recommend that Shareholders vote in favour of the Proposed Transaction (comprising the Proposed Acquisition and Proposed Issuance) and the proposed Whitewash Resolution to be proposed at the SGM.

In performing our evaluation and arriving at these conclusions, we wish to emphasise that the opinion set forth herein is based solely on publicly available information and information provided by the Directors and management of the Company and therefore does not reflect any projections or future financial performance of the Company after the completion of the Proposed Transaction and the proposed Whitewash Resolution and are based on the economic and market conditions prevailing as of the date of this Letter. Our advice is strictly confined to our views on the Proposed Transaction and the proposed Whitewash Resolution.

This Letter (for inclusion in the Circular) and our opinion therein has been prepared as required under Listing Rule 921(4)(a) as well as for the use of the Recommending Directors in their consideration of the Proposed Transaction and proposed Whitewash Resolution and their respective recommendation to the Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders remains the responsibility of the Recommending Directors.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not imply by implication to any other matter.

Yours faithfully
For and on behalf of
STIRLING COLEMAN CAPITAL LIMITED

YAP YEONG KEEN
MANAGING DIRECTOR

BYRON SEE
ASSOCIATE DIRECTOR

SUMMARY VALUATION REPORT

12 November 2024

The Board of Directors
OKH Global Limited
171 Chin Swee Road
#02-01 CES Centre
Singapore 169877

Independent Valuation Report for OKH Global Limited

Dear Sirs

1. INTRODUCTION

RSM SG Corporate Advisory Pte Ltd ("**RSMCA**") has been engaged by the Board of Directors (the "**Board**") of OKH Global Limited ("**OKH**" or the "**Company**") to provide assistance in estimating the market value ("**Market Value**" or "**MV**") range of 100% of the share capital of Chip Eng Seng Construction Pte Ltd (the "**Target**", and together with its subsidiaries, collectively, the "**Target Group**") as at 30 June 2024 (the "**Valuation Date**").The list of the subsidiaries that form the Target Group is listed in Section 3 of this Letter.

The Company is considering to acquire 100% of the share capital of the Target Group (the "**Proposed Acquisition**").

This valuation summary letter ("**Letter**") has been prepared for the purpose of inclusion as an appendix in a circular ("**Circular**") to be issued in relation to the Proposed Acquisition.

This Letter sets out a summary of the information contained in our Independent Valuation Report dated 12 November 2024 ("**Valuation Report**"). This Letter must be read in conjunction with the full text of the Valuation Report.

Unless otherwise stated, words and expressions defined in the Circular for the purpose of obtaining shareholders' approval for the Proposed Acquisition have the same meaning in this Letter.

2. TERMS OF REFERENCE

The objective of this Letter and the Valuation Report is to provide an independent view of the Market Value range of 100% of the share capital of the Target Group as at the Valuation Date in accordance with the International Valuation Standards ("**IVS**") as prescribed by the International Valuation Standards Council ("**IVSC**").

We are not required and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Target Group and accordingly make no representation or warranty, expressed or implied, in this regard.

We do not express any opinion on the commercial merits and structure of the Proposed Acquisition, nor are we providing any opinion, expressed or implied, as to the future trading price of the shares or the financial condition or performance of the Company upon the completion of the Proposed Acquisition. Our terms of reference do not require us to evaluate or comment on the rationale, or the strategic or long-term prospects of the Proposed Acquisition.

We have not undertaken any due diligence or audit of the information provided to us. Our procedures and inquiries do not constitute an audit in accordance with auditing standards generally accepted in Singapore. Therefore, we do not express any opinion on the financial statements of the Target Group.

However, our work entails the review of the information provided to us and discussions with the management of the Target Group ("**Target Management**") in relation to significant inputs provided to us such as the historical financials, financial forecasts assumptions and order book for the entities within the Target Group, where applicable.

Our scope in this engagement does not require us to provide advice on legal, regulatory, accounting or taxation matters and, if specialist advice has been obtained by the Company and/or the Target Group and made available to us, we have considered, and where appropriate, relied upon such advice.

We have no present or prospective interest in the Company and/or the Target Group and are not a related corporation of nor do we have a relationship with the owners or other party/parties whom the Company and/or the Target Group is contracting with.

RSMCA's compensation is not contingent upon the reporting of a pre-determined value or direction in value that favours anyone, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

The Valuation Report is not intended to be and is not included in the Circular and does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Acquisition. Our independent opinion on the estimate of the Market Value range of the Target Group will not form a basis of the price at which the Target Group is to be invested and is not intended to form the basis of any investment decision in relation to the Proposed Acquisition. RSMCA were not engaged in any negotiations, deliberations or the decision by the respective parties to enter into the Proposed Acquisition.

Limitations of our Valuation Report and this Letter

This Letter and the Valuation Report are addressed strictly to the Board and for the intended purpose as set out above and accordingly neither the Valuation Report nor this Letter may be used or relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the shareholders of the Company). Any recommendation made by the Board to the shareholders of the Company shall remain the responsibility of the Board.

Reliance on Information

In conducting our review and for the purpose of preparing the Market Value range, the Valuation Report and this Letter, we have held discussions with the Target Management. We have also read and relied on the information provided by them and other publicly available information, upon which our valuation analysis is based.

We have not independently verified the accuracy, completeness and adequacy of all such information provided or otherwise made available to us or relied upon by us as described above, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information. However, we have made reasonable enquiries and exercised our judgement on such information and have performed our valuation on such basis.

Management has confirmed to us, upon making all reasonable enquiries and to their best knowledge and belief, that all material information available to them with respect to the Target Group that is relevant for the purpose of our terms of reference, has been disclosed to us and that such information is fair and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us to be inaccurate or misleading in any material respect on the Target Group.

3. VALUATION PREMISE, APPROACH & METHODOLOGY

For the purpose of this valuation, Market Value is defined as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion*", as set out in IVS.

We considered the three approaches in estimating the Market Value of the Target Group:

- Cost / Net Asset Value ("**NAV**") Approach;
- Market Approach; and
- Income Approach.

The principal activities of each subsidiary within the Target Group are set out below:

S/N	Entity Name	Abbreviation	Principal Business
1	Chip Eng Seng Construction Pte. Ltd.	CESCon	Investment Holding
2	Chip Eng Seng Contractors (1988) Pte Ltd	CESC	Building & Construction
3	CES Engineering & Construction Pte. Ltd.	CESE	Building & Construction
4	CES Building and Construction Pte. Ltd.	CESB	Building & Construction
5	CES-Precast Pte. Ltd.	CESP SG	Precast Technology
6	CES-PreCast Sdn Bhd	CESP MY	Precast Technology
7	CES_SDC Pte. Ltd.	SDC	Civil Infrastructure
8	CES_Lodge Pte. Ltd.	CES Lodge	Dormant
9	CES_Salcon Pte. Ltd.	Salcon SG	Water Treatment
10	Salcon Technologies Pte. Ltd.	Salcon Technologies	Water Treatment
11	CES Salcon Sdn Bhd	Salcon MY	Water Treatment
12	PT CES Salcon International	Salcon International	Water Treatment
13	CES Eco Solutions Pte Ltd	CES Eco	Clean energy
14	CES_INNOVFAB Pte. Ltd.	Innovfab	Modular Construction
15	Eura Construction Supply Pte Ltd	Eura	Building & Construction
16	Genswitch Solutions Private Limited	Genswitch	Electrical Works
17	GRC Pacific Pte Ltd	GRC Pacific	Investment Holding
18	GRC Holdings (Australia) Pty Ltd	GRC Holdings	Investment Holding
19	GRC Builders (Australia) Pty Ltd	GRC Builders	Investment Holding
20	GRC Buxton Pty Ltd	GRC Buxton	Building & Construction

Source: Management

Based on the business nature of each entity and the availability of the information, we applied the Income Approach and/or the NAV Approach to value the above-mentioned entities under the Target Group as detailed below:

- The Income Approach was applied for the following entities, as the value of these entities would be derived mainly from the expected free cash flows to be generated by these entities in the future:
  - CESC, CESE, CESB ("**CESE.C.B**");
  - CESP SG, CESP MY ("**CESP Group**");
  - SDC;
  - Salcon SG, Salcon Technologies, Salcon MY, Salcon International ("**Salcon Group**");
  - Innovfab;
  - Eura, Genswitch ("**Eura Group**"); and
  - GRC Buxton.

- The NAV Approach was applied for CESCon, CES Lodge, CES Eco, GRC Pacific, GRC Holdings and GRC Builders due to the following reasons:

    - **CESCon:** The entity's principal business activity is an investment holding company with no other business operations. Its revenue mainly attributable to management fees earned from its subsidiaries. Given that the head office expenses have been considered in each operating entity/ group's cash flows, we applied the NAV Approach for CESCon.

    - **CES Lodge:** The entity was dormant as at the Valuation Date.

    - **CES Eco:** The entity's principal business activity is the provision of consultancy services in energy management and clean energy business. The entity was incorporated only in September 2022 and lacks historical financial performance. Furthermore, it is still in the initial stages of operations and although it has started generating revenue, it is operating at losses. Additionally, the Target Management was unable to provide a financial forecast for the entity.

    - **GRC Pacific, GRC Holdings and GRC Builders:** These entities are investment holding companies and as such have no standalone operations. Their revenue is mainly attributable management fees earned from subsidiary entities.

The Market Value range of 100% share capital of the Target Group as at the Valuation Date was subsequently derived using the sum-of-the-parts method which considered the respective shareholding interests that the Target Group has in each entity.

We also applied the Market Approach as a cross-check to the Market Value range of 100% of the share capital of those entities with positive enterprise value within the Target Group. We compare the implied multiples with the EV/EBITDA of listed comparable companies.

The Market Value range of 100% share capital of the Target Group is based on the information provided by and representations made by the Target Management. The assumptions used reflect the expectations and views regarding future events as at the Valuation Date and therefore, necessarily involve known and unknown risks and uncertainties affecting the Target Group.

The following key assumptions were applied in arriving at the Market Value range of the Target Group as at the Valuation Date:

a) Information provided by the Target Management up to the date of the Valuation Report fairly reflects the Target Group's financial and operating positions;

b) The Target Group is operating on a going concern basis, with sufficient working capital to support future expenditure and possessing the capability to achieve its financial forecast;

c) The reliability and achievability of the assumptions applied by the Target Management in arriving at its estimates of future financial performance, in particular:

    - The key revenue and cost drivers which are based upon the order book and potential jobs to be undertaken in the forecast periods; and

    - Entities within the Target Group being able to maintain its current Building and Construction Authority Workhead Rating grade and Default Probability rating.

d) The other assumptions such as the days on hand ("**DOH**") and the capital expenditure applied in the sections of the Valuation Report is carried out by Management according to plan;

e) The terminal growth rate of 2.1% and 2.0% were applied for entities operating in Malaysia and Singapore respectively, based on the long term forecasted inflation rate sourced from the International Monetary Fund, World Economic Outlook Database, April 2024;

f) The weighted average cost of capital ("**WACC**") is estimated based on the industry and country that the individual entities within the Target Group are operating in. Tabled below are the discount rates applied for the respective entities.

S/N	Entity Name	Industry Classification	WACC
1	CESE.C.B	Buiding & Construction (SG)	10.6%
2	CESP Group	Precast Technology (SG and MY	11.9%
3	SDC, Sinohydro - CES_SDC Joint Venture, Hock Lian Seng Infrastructure – SDC_SDC Joint Venture , CES_Salcon-SDC Joint Venture and CES_SDC – Chip Eng Seng Contractors (1998) Joint Venture (collectively referred to as "**SDC Group**")	Civil Engineering (SG)	10.6%
4	Salcon Group	Water Treatment (SG and MY)	9.4%
5	CES Eco	Clean Energy (SG)	11.7%
6	Innovfab	Modular Construction (SG)	12.1%
7	GRC Buxton	Buiding & Construction (SG)	13.4%
8	Eura Group	Buidling & Construction (SG) & Electrical Works (SG)	10.8%

Source: Capital IQ and RSMCA's calculations

We have also applied a range of discount rates by adjusting the WACC of the respective entities by +/- 0.2%; and

g) There is no material change in the cash and bank balances of $53.9 million as at Valuation Date which forms a significant portion of the Market Value of the Target Group as at Valuation Date.

h) There are no material changes to the other information and representations made to us by Target Management during our discussions

We do not provide assurance on the achievability of the future free cash flows results because events and circumstances may differ from the assumptions and expectations of Target Management; and achievement of future results is dependent on the subsequent actions, plans and execution, as well as other external factors.

4. CONCLUSION

In accordance with the terms of reference, limitations, key assumptions and factors set out herein, the Market Value range of 100% of the share capital of the Target Group is in the range of **S$115.3 million to S$128.4 million** as at the Valuation Date. Included in this Market Value is net cash of **S$53.9 million** based on the Target Group's proportional shareholding in the respective entities as at the Valuation Date**.**

Our estimates of the Market Value range of 100% of the share capital of the Target Group are based on prevailing market, economic, industry, monetary and other conditions and on the information available as at the Valuation Date. Such conditions may change significantly over a relative short period of time, and we assume no responsibility and are not required to update, revise or reaffirm our valuation conclusion to reflect events or developments subsequent to the Valuation Date.

Yours faithfully,

For and on behalf of RSM SG Corporate Advisory Pte Ltd

Terence Ang
Partner, Head of Advisory
Chartered Valuer and Appraiser, Singapore

AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP FOR FY2021, FY2022 AND FY2023, AND THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE FINANCIAL PERIOD OF SIX (6) MONTHS ENDED 30 JUNE 2024

Company Registration No. 201538948R

Chip Eng Seng Construction Pte. Ltd. and its Subsidiaries

Consolidated Financial Statements
31 December 2021, 2022 and 2023

Index

The directors hereby present their statement to the members together with the audited consolidated financial statements of Chip Eng Seng Construction Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2021, 2022 and 2023.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2021, 2022 and 2023 and the financial performance, changes in equity and cash flows of the Group for each of the years ended 31 December 2021, 2022 and 2023; and

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

Chia Lee Meng Raymond
Director

Yam Ah Mee
Director

Singapore
5 December 2024

Independent Auditor's Report to the Board of Directors of
Chip Eng Seng Construction Pte. Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chip Eng Seng Construction Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets of the Group as at 31 December 2021, 2022 and 2023, the consolidated statements of changes in equity, consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for each of the years ended 31 December 2021, 2022 and 2023 (the "Relevant Periods"), and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group are prepared, in all material aspects, in accordance with Singapore Financial Reporting Standards (International) (the "SFRS(I)").

Basis for Opinion

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Other matter

The Company has prepared a separate set of financial statements for the year ended 31 December 2023 in accordance with SFRS(I) on which we issued a separate auditor's report to the shareholders of the Company dated 19 April 2024.

Restriction of Distribution and Use

This report is made solely to you as a body and for the inclusion in the circular to shareholders of OKH Global Ltd. to be issued in connection with the proposed acquisition of the entire issued and paid up share capital of the Company and for no other purpose.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

5 December 2024

Partner-in-charge: Low Bek Teng

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Consolidated Income Statement
For the financial years ended 31 December 2021, 2022 and 2023

	Note	2023 $'000	2022 $'000	2021 $'000
Revenue	4	521,167	627,522	411,226
Cost of sales		(521,055)	(585,662)	(391,974)
Gross profit		112	41,860	19,252
Other gains/(losses) - net and other income	5	4,392	7,852	8,433
Other items of expense				
Marketing and distribution		(13)	(119)	–
Administrative expenses		(34,329)	(28,694)	(25,503)
Finance costs	6	(2,951)	(2,328)	(1,320)
Share of results of joint venture		–	(110)	(143)
(Loss)/profit before tax	7	(32,789)	18,461	719
Income tax expense/(credit)	8	4,681	(2,161)	489
(Loss)/profit for the year		(28,108)	16,300	1,208
Attributable to:				
Owner of the Company		(27,788)	16,300	1,252
Non-controlling interests		(320)	–	(44)
		(28,108)	16,300	1,208

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Consolidated Statement of Comprehensive Income
For the financial years ended 31 December 2021, 2022 and 2023

	2023 $'000	**2022** $'000	**2021** $'000
(Loss)/profit for the year	(28,108)	16,300	1,208
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	(463)	(453)	(90)
Total comprehensive income for the year	(28,571)	15,847	1,118
Attributable to:			
Owner of the Company	(28,251)	15,847	1,162
Non-controlling interests	(320)	–	(44)
Total comprehensive income for the year	(28,571)	15,847	1,118

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Consolidated Balance Sheets
As at 31 December 2021, 2022 and 2023

	Note	2023 $'000	2022 $'000	2021 $'000
Non-current assets				
Property, plant and equipment	9	54,818	43,276	44,741
Intangible assets	10	10,803	12,157	15,204
Investment in joint venture	11	–	–	110
Deferred tax assets	20	10,662	5,801	4,558
Trade and other receivables	14	482	–	–
		76,765	61,234	64,613
Current assets				
Inventories	13	4,045	2,366	4,121
Prepayments		3,065	3,856	4,073
Trade and other receivables	14	95,887	145,323	133,840
Contract assets	4	100,573	94,072	66,832
Tax recoverable		614	–	–
Cash and cash equivalents	15	85,887	79,644	89,473
		290,071	325,261	298,339
Total assets		366,836	386,495	362,952
Current liabilities				
Loans and borrowings	16	27,457	6,833	5,083
Trade and other payables	17	107,691	85,498	74,880
Contract liabilities	4	38,458	34,445	36,204
Provisions	18	25,974	13,916	16,006
Other liabilities	19	58,170	54,847	56,822
Income tax payable		–	3,659	496
		257,750	199,198	189,491
Net current assets		32,321	126,063	108,848

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Consolidated Balance Sheets
As at 31 December 2021, 2022 and 2023

	Note	2023 $'000	2022 $'000	2021 $'000
Non-current liabilities				
Loans and borrowings	16	10,883	19,469	26,267
Trade and other payables	17	23,739	67,288	62,043
Provisions	18	704	815	543
Other liabilities	19	3,334	219	432
Deferred tax liabilities	20	–	380	897
		38,660	88,171	90,182
Total liabilities		296,410	287,369	279,673
Net assets		70,426	99,126	83,279
Equity attributable to owners of the Company				
Share capital	21	127,222	100,550	100,550
Accumulated losses		(73,393)	(18,933)	(35,233)
Other reserves	22	17,046	17,509	17,962
		70,875	99,126	83,279
Non-controlling interests		(449)	–	–
Total equity		70,426	99,126	83,279

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Consolidated Statements of Changes in Equity
For the financial years ended 31 December 2021, 2022 and 2023

		Attributable to owners of the Company				
Group	**Equity, total** $'000	**Equity attributable to owners of the Company, total** $'000	**Share capital (Note 21)** $'000	**Accumulated losses** $'000	**Other reserves (Note 22)** $'000	**Non-controlling interest** $'000
Opening balance at 1 January 2021	82,117	82,117	100,550	(36,485)	18,052	–
Profit for the year	1,208	1,252	–	1,252	–	(44)
Other comprehensive income						
Foreign currency translation	(90)	(90)	–	–	(90)	–
Total comprehensive income for the year	1,118	1,162	–	1,252	(90)	(44)
Changes in ownership interests in subsidiary						
Capital contribution from non-controlling interests	450	–	–	–	–	450
Disposal of non-wholly owned subsidiary	(406)	–	–	–	–	(406)
Total transaction with owner in its capacity as owner	44	–	–	–	–	44
Closing balance at 31 December 2021	83,279	83,279	100,550	(35,233)	17,962	–
Profit for the year	16,300	16,300	–	16,300	–	–
Other comprehensive income						
Foreign currency translation	(453)	(453)	–	–	(453)	–
Total comprehensive income for the year	15,847	15,847	–	16,300	(453)	–
Closing balance at 31 December 2022	99,126	99,126	100,550	(18,933)	17,509	–

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statements of Changes in Equity
For the financial years ended 31 December 2021, 2022 and 2023

Group	Equity, total $'000	Attributable to owners of the Company: Equity attributable to owners of the Company, total $'000	Share capital (Note 21) $'000	Accumulated losses $'000	Other reserves (Note 22) $'000	Non-controlling interest $'000
Opening balance at 1 January 2023	99,126	99,126	100,550	(18,933)	17,509	–
Loss for the year	(28,108)	(27,788)	–	(27,788)	–	(320)
Other comprehensive income						
Foreign currency translation	(463)	(463)	–	–	(463)	–
Total comprehensive income for the year	(28,571)	(28,251)	–	(27,788)	(463)	(320)
Contributions by and distributions to owners						
Issuance of new shares	26,672	–	26,672	–	–	–
Dividend paid (Note 31)	(26,672)	–	–	(26,672)	–	–
Total contributions by and distributions to owners	–	–	26,672	(26,672)	–	–
Changes in ownership interests in subsidiary						
Acquisition of subsidiary	(129)	–	–	–	–	(129)
Total transaction with owner in its capacity as owner	(129)	–	–	–	–	(129)
Closing balance at 31 December 2023	70,426	70,875	127,222	(73,393)	17,046	(449)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Consolidated Cash Flow Statement
For the financial years ended 31 December 2021, 2022 and 2023

	Note	2023 $'000	2022 $'000	2021 $'000
Operating activities				
(Loss)/Profit before tax		(32,789)	18,461	719
Adjustments for:				
Interest income	5	(3,648)	(2,016)	(1,478)
Gain on disposal of property, plant and equipment	5	(436)	(195)	(98)
Gain on disposal of subsidiary	5	–	–	(54)
Finance costs	6	2,951	2,328	1,320
Property, plant and equipment written off	5	–	–	28
Provision for onerous contracts	7	44,339	13,800	4,706
Provision for warranty	7	164	1,104	–
Goodwill written off	5	222	–	–
Depreciation of property, plant and equipment	7	6,949	7,199	8,346
Writeback of impairment loss on property, plant and equipment	5	–	–	(628)
(Writeback of provision)/Provision of liquidated damages		(9,552)	1,773	3,880
Writeback of provision for reinstatement costs		(910)	–	–
Amortisation of intangible assets	7	1,890	3,047	4,397
Bad debts written off	5	1,140	–	137
Rent concessions from landlords		–	–	(3)
Loss on previously held interest in joint venture	5	78	–	–
Share of results of joint venture		–	110	143
Unrealised exchange differences		(179)	2	14
Operating cash flows before changes in working capital		10,219	45,613	21,429
Changes in working capital:				
Inventories		(1,600)	1,609	(2,347)
Prepayments		781	201	(668)
Trade and other receivables and contract assets		48,744	(31,632)	(60,062)
Trade and other payables and contract liabilities		(31,780)	7,927	42,402
Other liabilities		(21,307)	(20,487)	(12,683)
Cash flows generated from/(used in) operations		5,057	3,231	(11,929)
Interest paid		(3,804)	(2,500)	(530)
Interest received		2,986	823	554
Income taxes paid		(2,018)	(2,435)	(2,782)
Net cash flows generated from/(used in) operating activities		2,221	(881)	(14,687)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Consolidated Cash Flow Statement
For the financial years ended 31 December 2021, 2022 and 2023

	Note	2023 $'000	2022 $'000	2021 $'000
Investing activities				
Net cash inflow on acquisition of subsidiaries	10	6,861	–	–
Purchase of property, plant and equipment	9	(12,453)	(5,867)	(5,160)
Proceeds from disposal of property, plant and equipment		696	209	424
Addition to intangible assets	10	(385)	–	–
Net cash flows used in investing activities		(5,281)	(5,658)	(4,736)
Financing activities				
Proceeds from loans and borrowings	16	18,881	–	–
Repayment of loans and borrowings	16	(6,823)	(5,048)	(1,150)
(Advances to)/Repayment to immediate holding company	16	(1,446)	2,304	(315)
Contribution from non-controlling interests		–	–	450
Decrease in short-term deposits pledged		–	–	3,271
Payment of lease liabilities	25(a)	(1,216)	(483)	(1,094)
Net cash flows generated from/(used in) financing activities		9,396	(3,227)	1,162
Net increase/(decrease) in cash and cash equivalents		6,336	(9,766)	(18,261)
Effect of exchange rate changes on cash and cash equivalents		(93)	(63)	(10)
Cash and cash equivalents at beginning of the year		79,644	89,473	107,744
Cash and cash equivalents at end of the year	15	85,887	79,644	89,473

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1.1. Corporate information

Chip Eng Seng Construction Pte. Ltd. (the "Company") is a private limited company incorporated and domiciled in Singapore.

The registered office and principal place of business of the Company is located at 12 Tai Seng Link #08-01 Singapore 534233.

The immediate holding company is Acrophyte Pte. Ltd. ("Acrophyte") (previously known as Tangram Capital Pte. Ltd. and Chip Eng Seng Corporation Ltd.) and the ultimate holding company is Tang Dynasty Treasure Pte. Ltd., both of which are incorporated in Singapore.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are as disclosed below.

Details of the subsidiaries, joint venture and joint operations as at 31 December 2021, 2022 and 2023 are:

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2023	2022	2021
<u>Subsidiaries</u>					
Held by the Company					
CES Building and Construction Pte. Ltd.	Singapore	General building and related services	100	100	100
CES Eco Solutions Pte. Ltd.	Singapore	Engineering design and consultancy services in energy management and clean energy systems	100	100	–
CES_INNOVFAB Pte. Ltd. (f.k.a SPP System Pte. Ltd.)	Singapore	Modular building construction (3D printing)	100	100	–
CES_SDC Pte. Ltd.	Singapore	Building construction and construction project management	100	100	100
CES_Salcon Pte. Ltd. (f.k.a Boustead Salcon Water Solutions Pte. Ltd.)	Singapore	Construction and supply of equipment for water and wastewater treatment plant	100	100	100
Chip Eng Seng Contractors (1988) Pte Ltd	Singapore	General building contractor	100	100	100
CES Engineering & Construction Pte. Ltd.	Singapore	General building contractor	100	100	100
CES-Precast Pte. Ltd.	Singapore	Manufacturing and trading of precast products	100	100	100
Eura Construction Supply Pte. Ltd.	Singapore	Wholesale of construction materials, hardware, plumbing and heating equipment and supplies	55	–	–
PT CES Salcon International	Indonesia	Storage and distribution of raw water	1	–	–

1.1. Corporate information (cont'd)

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2023	2022	2021
Subsidiaries – (cont'd)					
Held by subsidiaries					
CES_INNOVFAB Pte. Ltd. (f.k.a SPP System Pte. Ltd.)	Singapore	Modular building construction (3D printing)	–	–	100
CES-Precast Sdn. Bhd. ^	Malaysia	Manufacturing of precast concrete components	100	100	100
CES Salcon Sdn. Bhd. ^	Malaysia	Construction and supply of equipment for water and wastewater treatment plant	100	100	–
CES_Lodge Pte. Ltd.	Singapore	Acquisition of portable containers/structure to rent out as workers' dormitory and provision of related services	100	100	100
CESI (Myanmar) Company Limited (f.k.a SDCI (Myanmar) Company Limited) #	Myanmar	General building contractor and project management	100	100	100
CES_Salcon Technologies Pte. Ltd. (f.k.a H+E Technologies Pte. Ltd.)	Singapore	Process and industrial plant engineering design and consultancy services	100	55*	55*
PT CES Salcon International	Indonesia	Storage and distribution of raw water	99	–	–
Joint operations					
Held by subsidiary					
Sinohydro - CES_SDC Joint Venture @	Singapore	Building construction and construction project management	50	50	50
Hock Lian Seng Infrastructure - CES_SDC JV	Singapore	Provision of civil engineering works	40	40	40

* Recognised as joint venture in 2021 and 2022

The statutory financial statements of the above entities for the years ended 31 December 2021, 2022 and 2023 are audited by Ernst & Young LLP, Singapore except those disclosed below:

Audited by Khin Su Htay & Associates Limited
^ Audited by a member firm of EY Global
@ Audited by a member firm of KPMG Global in 2022 and 2021

1.2. Proposed transaction

On 4 December 2024, the shareholders of the Company (collectively, the "Vendors", and each, a "Vendor") entered into a conditional sale and purchase agreement (the "SPA") with OKH Global Ltd. ("OKH") for the sale by the Vendors, and the purchase by OKH (the "Proposed Acquisition"), of 132,302,000 ordinary shares (the "Sale Shares") representing 100% of the issued and paid-up share capital of the Company in consideration for which OKH will allot and issue new shares (the "Shares") to the Vendors (the "Proposed Issuance", and together with the Proposed Acquisition, the "Proposed Transaction").

The consideration for the purchase of all the Sale Shares shall be S$118,548,000 (the "Initial Consideration"), subject to adjustment in accordance with the terms and conditions of the SPA (the "Consideration Adjustment", and the amount of consideration after any adjustment (if applicable), being the "Final Consideration").

The Final Consideration will be satisfied by the Proposed Issuance by OKH of an aggregate of up to 2,257,197,258[1] Shares to the Vendors (the "Consideration Shares") at an issue price of S$0.05252 per Share (the "Issue Price"). The Issue Price is pegged to the net asset value per Share of OKH as at 30 June 2024. The number of Consideration Shares to be issued to each Vendor will be determined by dividing each Vendor's Relevant Consideration Portion[2] by the Issue Price, fractional entitlements to be disregarded.

[1] Calculated by dividing the Initial Consideration by the Issue Price, and disregarding fractional entitlements.

[2] "Relevant Consideration Portion" means, in relation to a Vendor, the product obtained by multiplying the Final Consideration by the approximate proportion of the total number of issued shares in the Company held by such Vendor.

2. Material accounting policy information

2.1 *Basis of preparation*

The consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ("$'000"), except when otherwise indicated.

2.2 *Changes in accounting policies and disclosures*

All SFRS(I)s effective for the accounting period commencing from 1 January 2023 have been adopted by the Group in the preparation of the financial statements throughout the Relevant Periods.

2. Material accounting policy information (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standard applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The Group expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 *Basis of consolidation and business combinations*

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

2. Material accounting policy information (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) Business combinations and goodwill (cont'd)

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Goodwill is recorded within "Intangible assets" line of the Group's balance sheet.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.6 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. Material accounting policy information (cont'd))

2.6 *Foreign currency (cont'd)*

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidated purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	-	5 to 33 years
Buildings	-	5 to 21 years
Container office, building and construction equipment	-	5 to 10 years
Motor vehicles	-	5 years
Computer and office equipment	-	3 to 5 years
Furniture, fixtures and fittings	-	2 to 5 years

Freehold land has an unlimited useful life and therefore is not depreciated.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2. Material accounting policy information (cont'd)

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Order backlog

The cost of order backlog is its fair value at acquisition date. Order backlog is stated at cost less accumulated amortisation and accumulated impairment losses. The amortisation of order backlog is over the estimated period that the backlog is expected to be fulfilled.

Club membership

Club membership was acquired separately and is amortised on a straight line basis over its estimated finite useful life of 10 years.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2. Material accounting policy information (cont'd)

2.9 *Impairment of non-financial assets (cont'd)*

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.11 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

2. Material accounting policy information (cont'd)

2.11 *Joint ventures and associates (cont'd)*

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.12 *Joint operations*

A joint operation is an arrangement in which the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

The Group recognises in its financial statements, its interest in the joint operations as follows: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the share of its output arising from the joint operations; its share of the revenue from the sale of the output by the joint operations; and its expenses, including its share of any expenses incurred jointly.

2.13 *Financial instruments*

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments. The Group determines the classification of its financial assets at initial recognition.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. Material accounting policy information (cont'd)

2.13 ***Financial instruments (cont'd)***

(a) Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

2. Material accounting policy information (cont'd)

2.13 *Financial instruments (cont'd)*

(a) Financial assets (cont'd)

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Material accounting policy information (cont'd)

2.13 ***Financial instruments (cont'd)***

(b) Financial liabilities (cont'd)

Current/Non-current classification of loans and borrowings

Loans and borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.

2.14 ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. Material accounting policy information (cont'd)

2.14 *Impairment of financial assets (cont'd)*

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 *Cash and cash equivalents*

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits with financial institutions that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. and net of bank overdrafts (if any).

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.16 *Inventories*

Inventories comprise mainly precast building materials such as reinforcement steel, welded mesh and concrete.

Precast building materials are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. Material accounting policy information (cont'd)

2.17 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

2.18 *Government grants*

Government grants are recognised as receivables when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

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. Grant related to expense item is presented as a credit in profit or loss as "Other income".

2.19 *Financial guarantee*

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.20 *Employee benefits*

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Material accounting policy information (cont'd)

2.21 *Leases*

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term lease and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Group's right-of-use assets are included in 'Property, plant and equipment'.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.9.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercise by the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (eg. Changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

The Group's lease liabilities are included in 'Other liabilities' (see Note 19).

2. Material accounting policy information (cont'd)

2.21 *Leases (cont'd)*

Group as a lessee (cont'd)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.22 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Construction revenue

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised over time by measuring the progress towards complete satisfaction of performance obligations. The stage of completion is typically assessed by reference to either surveys of work performed ("output method"), or the cost incurred to date relative to total estimated cost ("input method") depending on which method commensurate with the pattern of transfer of control to the customer. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Contract revenue and contract costs are recognised as revenue by reference to the stage of completion of the contract activity at the end of the reporting period over time, when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs or with reference to surveys of work performed or on a milestone payment schedule.

2. Material accounting policy information (cont'd)

2.22 *Revenue (cont'd)*

(b) Sales of precast components

The Group contracts with its customers for sales of precast concrete components. Revenue is recgonised at the point in time when the Group satisfies a performance obligation by transferring a promised good or service to the customer, generally on delivery of goods, which is when the customer obtains control of the good or service.

(c) Interest income

Interest income is recognised using the effective interest method.

2.23 *Taxes*

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Material accounting policy information (cont'd)

2.23 *Taxes (cont'd)*

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2. Material accounting policy information (cont'd)

2.24 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 ***Contingencies***

A contingent liability is:

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

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

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Management is of the opinion that there is no significant judgement made in applying accounting policies that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year for the Relevant Periods.

3.1 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgements and estimates (cont'd)

3.1 *Key sources of estimation uncertainty (cont'd)*

(a) Revenue from construction contracts, contract assets and contract liabilities

The management of the Group reviews and revised the estimate of (i) contract revenue (including variations or omissions in contract works, liquidated damages and incentive payments) yet to be certified by surveyors appointed by the customers and (ii) contract costs for each construction contract on a regular basis.

Recognised amounts of contract revenue and contract costs reflect management's best estimate of each contract's outcome, which are determined on the basis of a number of assumptions. In making these estimates, management takes into consideration the past experience in conducting similar construction works, as well as the current market conditions.

The actual outcomes in terms of the contract revenue and contract costs may be higher or lower than the amounts estimated at the end of the reporting period, which would affect the revenue and profit or loss recognised in the future years as an adjustment to the amounts recorded to date. The revenue recognised is as disclosed in Note 4.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 4(c). If the estimated total contract cost had been 1% higher than management's estimate, contract assets and contract liabilities would have been $15,711,000 lower and $5,598,000 higher respectively (2022: $11,954,000 lower and $4,752,000 higher, 2021: $7,880,000 lower and $616,500 higher).

(b) Provision for onerous contracts

The Group estimates provision for onerous contracts for its construction contracts when it is inevitable that the unavoidable costs of meeting the obligation under the contracts exceeds the estimated economic benefits expected to be received under the contracts. The provision is measured according to management's best estimate of the expected revenue and costs to be earned or incurred. The estimates include an assessment of current market conditions, historical trends, as well as future expectation and is therefore subject to significant uncertainties. The carrying amount of the provision for onerous contracts as at the end of each financial year is disclosed in Note 18.

(c) Impairment of intangible assets

As disclosed in Note 10, the recoverable amounts of the cash generating units which goodwill and order backlog have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the weighted average cost of capital and terminal yield rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 10.

The carrying amount of the intangible assets as at 31 December 2023 is $10,803,000 (2022: $12,157,000, 2021: $15,204,000).

3. Significant accounting judgements and estimates (cont'd)

3.1 *Key sources of estimation uncertainty (cont'd)*

(d) Deferred tax assets

Deferred tax assets are recognised for unutilised tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the profitability of expected future cash inflows based on expected revenues from existing orders and contracts.

The carrying amount of the deferred tax assets as at the end of each financial year is disclosed in Note 20.

4. Revenue

(a) Disaggregation of revenue

	Building construction			Civil infrastructure			Prefabrication technology			Environmental & sustainability			Procurement			Total revenue		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets																		
Singapore	251,143	356,261	166,533	197,877	191,455	172,423	22,322	29,407	43,968	10,991	857	838	845	–	–	483,178	577,980	383,762
Malaysia	–	–	–	–	–	–	–	–	–	30,198	21,300	318	–	–	–	30,198	21,300	318
Saudi Arabia	–	–	–	–	–	–	–	–	–	1,844	11,285	4,624	–	–	–	1,844	11,285	4,624
Bangladesh	–	–	–	–	–	–	–	–	–	2,868	10,959	18,881	–	–	–	2,868	10,959	18,881
Indonesia	–	–	–	–	–	–	–	–	–	1,311	2,391	2,834	–	–	–	1,311	2,391	2,834
Others	–	–	–	–	–	–	–	–	–	1,768	3,607	807	–	–	–	1,768	3,607	807
	251,143	356,261	166,533	197,877	191,455	172,423	22,322	29,407	43,968	48,980	50,399	28,302	845	–	–	521,167	627,522	411,226
Timing of transfer of goods or services																		
At a point in time	–	–	–	–	–	–	22,322	29,407	43,968	–	–	–	64	–	–	22,386	29,407	43,968
Over time	251,143	356,261	166,533	197,877	191,455	172,423	–	–	–	48,980	50,399	28,302	781	–	–	498,781	598,115	367,258
	251,143	356,261	166,533	197,877	191,455	172,423	22,322	29,407	43,968	48,980	50,399	28,302	845	–	–	521,167	627,522	411,226

4. Revenue (cont'd)

(b) Judgement and methods used in estimating revenue

Revenue from construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs. Significant assumptions are required to estimate contract cost. In making these estimates, management has relied on past experience and knowledge of management.

(c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	2023	**2022**	**2021**
	$'000	$'000	$'000
Receivables from contracts with customers (Note 14)	62,434	75,986	70,078
Contract assets	100,573	94,072	66,832
Contract liabilities	38,458	34,445	36,204

Included in the contract assets and contract liabilities are retention amounts due from fellow subsidiaries of the immediate holding company amounting to $3,595,000 (2022: $3,595,000, 2021: $6,788,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for revenue from construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for revenue from construction contracts. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract.

4. Revenue (cont'd)

(c) Contract assets and contract liabilities (cont'd)

(i) Significant changes in contract assets are explained as follows:

	2023 $'000	**2022** $'000	**2021** $'000
As at beginning of the year	94,072	66,832	35,619
Contract asset reclassified to receivables	(411,524)	(426,432)	(266,065)
Increase as a result of changes in the measure of progress	424,325	448,065	296,925
Transfer between contract assets and liabilities	(6,300)	5,607	353
At the end of the year	100,573	94,072	66,832

(ii) Significant changes in contract liabilities are explained as follows:

	2023 $'000	**2022** $'000	**2021** $'000
As at beginning of the year	34,445	36,204	29,637
Revenue recognised that was included in the contract liability balance at the beginning of the year	(48,343)	(36,066)	(29,092)
Increase due to amount billed, excluding amounts recognised as revenue	43,038	28,700	35,306
Arising from acquisition of subsidiary	15,618	–	–
Transfer between contract assets and liabilities	(6,300)	5,607	353
At the end of the year	38,458	34,445	36,204

4. Revenue (cont'd)

(d) Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December are, as follows:

	2023 $'000	**2022** $'000	**2021** $'000
Within 1 – 8 years	2,329,542	–	–
Within 2 – 4 years	–	1,056,950	–
Within 3 – 5 years	–	–	1,376,874

This amount has not included the following:

- Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration of one year or less, or
  - The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

5. Other gains/(losses) - net and other income

	2023 $'000	**2022** $'000	**2021** $'000
Interest income	3,648	2,016	1,478
Government grants	–	2,404	5,046
Rental income	653	594	483
Sales of materials	536	398	201
Other miscellaneous income	428	2,605	881
Net foreign exchange gain/(loss)	131	(360)	(271)
Gain on disposal of subsidiary	–	–	54
Gain on disposal of property, plant and equipment	436	195	98
Property, plant and equipment written off (Note 9)	–	–	(28)
Writeback of impairment loss on property, plant and equipment (Note 9)	–	–	628
Bad debts written off	(1,140)	–	(137)
Loss on previously held interest of joint venture	(78)	–	–
Goodwill written off	(222)	–	–
	4,392	7,852	8,433

6. Finance costs

	2023	2022	2021
	$'000	$'000	$'000
Interest expense on bank loans and borrowings	1,476	738	533
Interest expense on loans from immediate holding company	1,329	1,583	780
Interest expense on lease liabilities	146	7	7
	2,951	2,328	1,320

7. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	2023	2022	2021
	$'000	$'000	$'000
Depreciation of property, plant and equipment (Note 9)	6,949	7,199	8,346
Amortisation of intangible assets (Note 10)	1,890	3,047	4,397
Employee benefits expense (Note 23)	84,468	76,675	58,615
Legal and professional fees	698	906	1,349
Provision for onerous contracts (Note 18)	44,339	13,800	4,706
Provision for warranty (Note 18)	164	1,104	–
Inventories recognised as an expense in cost of sales (Note 13)	24,562	34,088	19,872

8. Income (credit)/tax expense

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 December 2021, 2022 and 2023 are:

	2023 $'000	**2022** $'000	**2021** $'000
Consolidated income statement:			
Current income tax			
- current income taxation	2,372	4,349	581
- (over)/underprovision in respect of previous years	(450)	173	508
Deferred income tax			
- origination and reversal of temporary differences	(6,834)	(1,814)	(1,447)
- group relief transferred from/(to) related companies	58	(544)	(299)
- under/(over)provision in respect of previous years	173	(3)	168
Income tax (credit)/expense recognised in profit or loss	(4,681)	2,161	(489)

8. Income (credit)/tax expense (cont'd)

Relationship between tax (credit)/expense and (loss)/profit before tax

A reconciliation between tax (credit)/expense and the product of (loss)/profit before tax multiplied by the applicable corporate tax rates for the years ended 31 December 2021, 2022 and 2023 are as follows:

	2023 $'000	**2022** $'000	**2021** $'000
(Loss)/profit before tax	(32,789)	18,461	719
Share of results of joint venture, net of tax	–	110	143
(Loss)/profit before tax and share of results of joint venture	(32,789)	18,571	862
Tax at the domestic rates applicable to profits in the countries where the Group operates	(5,040)	3,043	177
Adjustments:			
Non-deductible expenses	1,413	1,443	1,293
Income not subject to taxation	(621)	(1,852)	(2,687)
Utilisation of previously unrecognised tax losses	(197)	–	–
Deferred tax assets not recognised	246	–	385
Effect of partial tax exemption and tax relief	(17)	(21)	(34)
(Over)/Underprovision in respect of previous years	(277)	170	676
Group relief transferred from/(to) related companies	58	(544)	(299)
Others	(246)	(78)	–
Income tax (credit)/expense recognised in profit or loss	(4,681)	2,161	(489)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

9. Property, plant and equipment

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Container office, building and construction equipment $'000	Container office, building and construction equipment under construction $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
2023									
Cost									
At 1 January 2023	2,445	36,921	12,915	20,592	–	4,951	2,570	600	80,994
Additions	–	9	5,388	4,333	–	570	624	6,917	17,841
Disposals	–	–	–	(2,154)	–	(297)	–	–	(2,451)
Written off	–	(6,880)	(1,179)	(16)	–	–	(7)	–	(8,082)
Acquisition of a subsidiary	–	–	1,183	–	–	–	7	–	1,190
Exchange differences	(134)	–	(21)	(486)	–	(8)	(5)	–	(654)
At 31 December 2023	2,311	30,050	18,286	22,269	–	5,216	3,189	7,517	88,838
Accumulated depreciation									
At 1 January 2023	–	10,524	8,116	12,901	–	4,166	1,785	226	37,718
Depreciation charge	–	963	1,802	3,052	–	308	549	275	6,949
Disposals	–	–	–	(1,897)	–	(294)	–	–	(2,191)
Written off	–	(6,880)	(1,179)	(16)	–	–	(7)	–	(8,082)
Exchange differences	–	–	(9)	(355)	–	(6)	(4)	–	(374)
At 31 December 2023	–	4,607	8,730	13,685	–	4,174	2,323	501	34,020
Net carrying amount									
At 31 December 2023	2,311	25,443	9,556	8,584	–	1,042	866	7,016	54,818

9. Property, plant and equipment (cont'd)

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Container office, building and construction equipment $'000	Container office, building and construction equipment under construction $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
2022									
Cost									
At 1 January 2022	2,605	36,912	12,771	21,285	758	4,930	1,975	591	81,827
Additions	–	9	155	5,079	128	39	603	9	6,022
Disposals	–	–	–	(6,166)	–	(10)	(3)	–	(6,179)
Transfer	–	–	–	886	(886)	–	–	–	–
Exchange differences	(160)	–	(11)	(492)	–	(8)	(5)	–	(676)
At 31 December 2022	2,445	36,921	12,915	20,592	–	4,951	2,570	600	80,994
Accumulated depreciation									
At 1 January 2022	–	9,561	6,634	15,794	–	3,624	1,376	97	37,086
Depreciation charge	–	963	1,490	3,658	–	547	412	129	7,199
Disposals	–	–	–	(6,165)	–	–	–	–	(6,165)
Exchange differences	–	–	(8)	(386)	–	(5)	(3)	–	(402)
At 31 December 2022	–	10,524	8,116	12,901	–	4,166	1,785	226	37,718
Net carrying amount									
At 31 December 2022	2,445	26,397	4,799	7,691	–	785	785	374	43,276

9. Property, plant and equipment (cont'd)

2021	Freehold land $'000	Leasehold land $'000	Buildings $'000	Container office, building and construction equipment $'000	Container office, building and construction equipment under construction $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
Cost									
At 1 January 2021	2,641	36,904	11,885	19,058	–	4,368	1,544	80	76,480
Additions	–	8	1,570	2,467	758	955	452	520	6,730
Disposals	–	–	–	(141)	–	(391)	–	–	(532)
Written off	–	–	(682)	–	–	–	(19)	(9)	(710)
Exchange differences	(36)	–	(2)	(99)	–	(2)	(2)	–	(141)
At 31 December 2021	2,605	36,912	12,771	21,285	758	4,930	1,975	591	81,827
Accumulated depreciation									
At 1 January 2021	–	9,382	5,833	11,282	–	2,694	1,068	70	30,329
Depreciation charge	–	963	1,329	4,582	–	1,137	308	27	8,346
(Write back)/provision of impairment	–	(784)	156	–	–	–	–	–	(628)
Disposals	–	–	–	–	–	(206)	–	–	(206)
Written off	–	–	(682)	–	–	–	–	–	(682)
Exchange differences	–	–	(2)	(70)	–	(1)	–	–	(73)
At 31 December 2021	–	9,561	6,634	15,794	–	3,624	1,376	97	37,086
Net carrying amount									
At 31 December 2021	2,605	27,351	6,137	5,491	758	1,306	599	494	44,741

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 25(a).

9. Property, plant and equipment (cont'd)

Assets pledged as securities

As at 31 December 2021, 2022 and 2023, the Group's leasehold land and building with a carrying amount of $25,000,000, $24,216,000 and $23,433,000 respectively are mortgaged to secure bank borrowings.

Impairment of assets

The management undertook their annual review of the carrying value of property, plant and equipment for indication of impairment and, where appropriate, external valuations were also undertaken. During each financial year, the Group performed impairment assessment of its property, plant and equipment in certain CGU with indicators of impairment. Please refer to Note 10 for further details. Based on the assessments, there was no provision for impairment in 2023 and 2022. A reversal of impairment of $628,000 was recognised in the income statement under "Other gains/(losses) - net and other income" in 2021.

In 2021, one of the independent valuation reports highlighted estimation uncertainty arising from the ongoing COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuation was based on the information available as at the date of valuation and value might change significantly and unexpectedly over a short period of time.

Assets written off

In 2023, certain right of use assets were written off pursuant to the expiry of lease.

For purposes of the consolidated cash flow statement, purchase of property, plant and equipment by cash flows comprise the following:

	2023 $'000	**2022** $'000	**2021** $'000
Additions of property, plant and equipment	17,841	6,022	6,730
Less: Additions of right-of-use assets (Note 25 (a))	(5,388)	(155)	(1,570)
Purchase of property, plant and equipment per consolidated cash flows statement	12,453	5,867	5,160

10. Intangible assets

	Club membership $'000	Order backlog $'000	Goodwill $'000	Total $'000
Cost				
At 1 January 2021	–	9,859	11,043	20,902
Acquisition of subsidiary	–	1,228	(615)	613
At 31 December 2021, 2022 and 1 January 2023	–	11,087	10,428	21,515
Additions	385	–	–	385
Acquisition of subsidiary	–	151	–	151
At 31 December 2023	385	11,238	10,428	22,051
Accumulated amortisation and impairment				
At 1 January 2021	–	1,914	–	1,914
Amortisation for the year	–	4,397	–	4,397
At 31 December 2021 and 1 January 2022	–	6,311	–	6,311
Amortisation for the year	–	3,047	–	3,047
At 31 December 2022 and 1 January 2023	–	9,358	–	9,358
Amortisation for the year	10	1,880	–	1,890
At 31 December 2023	10	11,238	–	11,248
Net carrying amount				
At 31 December 2021	–	4,776	10,428	15,204
At 31 December 2022	–	1,729	10,428	12,157
At 31 December 2023	375	–	10,428	10,803

Amortisation expense

The amortisation of order backlog is included in the “Administrative expenses” line item in the income statement. As at 31 December 2021 and 2022, the remaining amortisation period is 2 years and 1 year respectively. As at 31 December 2023, the order backlog is fully amortised.

10. Intangible assets (cont'd)

Acquisition of subsidiaries

On 8 September 2023, the Group's immediate holding company transferred its 55% stake in Eura Construction Supply Pte. Ltd. ("Eura") to the Company.

On 13 September 2023, the Group increased its stake in CES_Salcon Technologies Pte. Ltd. ("Salcon Tech") from 55% to 100%. Salcon Tech was previously held as a joint venture. Accordingly, Salcon Tech is now a wholly-owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of Eura and Salcon Tech as at the respective acquisition dates were:

	Eura $'000	**Salcon Tech** $'000	**Total** $'000
Intangible assets	–	151	151
Property, plant and equipment	1,183	7	1,190
Other assets and liabilities	(1,470)	(300)	(1,770)
Total identifiable net assets at fair value	(287)	(142)	(429)
Previously equity interest acquired	–	78	78
Non-controlling interests' proportionate share of net assets	129	–	129
Goodwill written off	158	64	222
Total consideration paid in cash	–	–	–

Effect of the acquisition of subsidiaries on cash flows

	Eura	Salcon Tech	Total
Total consideration paid in cash	–	–	–
Add: Cash and cash equivalents of subsidiaries acquired	1,240	5,621	6,861
Net cash inflow on acquisition	1,240	5,621	6,861

Impact of the acquisitions on profit or loss

From the acquisition dates of respective subsidiaries, the subsidiaries have contributed $15,274,000 of revenue and $687,000 of net loss to the Group's results in the year of acquisitions. If the acquisitions had taken place at the beginning of the year of acquisition, the subsidiaries would have contributed revenue of $34,823,000 and net loss of $1,159,000 to the Group's results.

10. Intangible assets (cont'd)

Goodwill from acquisition of subsidiary

On 30 December 2020, the Group acquired 100% equity interest in CES_Salcon Pte. Ltd. (f.k.a. Boustead Salcon Water Solutions Pte. Ltd.) ("Salcon").

Salcon is a fully integrated engineering, procurement, construction and maintenance contractor. The acquisition presents an opportunity for the Group to extend the footprint of its existing civil infrastructure business to include design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. In addition, Salcon is qualified to tender for public sector contracts in Singapore with unlimited tender sums.

The fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuations have not been received by the date the financial statements for the year ended 31 December 2020 was authorised for issue. Following the completion of the final purchase price allocation in 2021, as the difference between provisional and finalised fair values were not material, adjustments were made in 2021 to the provisional fair values of the identifiable assets and liabilities of Salcon previously recorded in 2020. The effect of the adjustments made during the 12 months period from acquisition date is set out below:

	Fair value recognised on acquisition (provisional)	**Adjustments**	**Fair value recognised on acquisition (final)**
	$'000	$'000	$'000
Property, plant and equipment	129	–	129
Intangible assets	2,360	1,227	3,587
Deferred tax liabilities	–	(612)	(612)
Other assets and liabilities	2,717	–	2,717
Total identifiable net assets at fair value	5,206	615	5,821
Goodwill arising from acquisition	2,074	(615)	1,459
Total consideration paid in cash	7,280	–	7,280

10. Intangible assets (cont'd)

Impairment testing of goodwill and other intangible assets

Goodwill and other intangible assets acquired through business combinations have been allocated to the respective cash generating units ("CGU") for impairment testing.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections for 5 years from financial budgets approved by management. The weighted average cost of capital rate ("WACC") applied to the cash flow projections for the five-year period are as follows:

	Goodwill and other intangible assets			WACC		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
	$'000	$'000	$'000	%	%	%
CES_SDC Pte. Ltd.	8,969	10,561	12,158	8.4	8.4	8.4
CES_Salcon Pte. Ltd.	1,459	1,596	3,046	9.8	9.4	9.4

The Group has considered that any reasonably possible changes to the key assumptions will not reduce the recoverable amount to below the carrying value of CGU.

No impairment loss is recognised for the years ended 31 December 2021, 2022 and 2023.

11. Investment in joint venture

The Group previously only had only one joint venture, CES_Salcon Technologies Pte. Ltd. ("Salcon Tech") which was immaterial to the Group. In 2023, the Group increased its stake in Salcon Tech from 55% to 100%. Accordingly, Salcon Tech is now a wholly-owned subsidiary of the Group.

The Group's share of profit and total comprehensive income of this immaterial joint venture accounted for using the equity method are presented under 'Share of results of joint venture' in the income statement.

Details regarding joint venture are set out in Note 1.

12. Joint operations

The Group has a 50% and 40% equity interest in the ownership and voting rights in joint operations, Sinohydro - CES_SDC Joint Venture and Hock Lian Seng Infrastructure - CES_SDC JV respectively that are held through a subsidiary, CES_SDC Pte. Ltd.

All joint operations are incorporated in Singapore and are strategic ventures of the business. The Group controls the joint operations with the other partner under the contractual agreements which provide the Group with rights to assets and obligations for the liabilities relating to the joint operations.

Details regarding the joint operations are set out in Note 1.

13. Inventories

	2023 $'000	**2022** $'000	**2021** $'000
Raw materials (at cost)	1,283	717	1,054
Finished goods (at cost)	2,762	1,649	3,067
	4,045	2,366	4,121
Income statement:			
Inventories recognised as an expense in cost of sales	24,562	34,088	19,872

14. Trade and other receivables

	2023 $'000	**2022** $'000	**2021** $'000
Current:			
Trade receivables	29,844	26,230	25,424
Unbilled trade receivables	31,082	24,791	41,967
Deposits	2,113	2,293	5,209
Recoverables	6,216	9,678	8,522
GST receivables	1,296	506	719
Grant receivables	–	1,379	–
Amounts due from immediate holding company, non-trade	22,937	52,946	48,252
Amounts due from joint venture, trade	–	13,249	–
Amounts due from related companies, trade	1,508	11,716	2,687
Amounts due from related companies, non-trade	–	1,797	140
Amounts due from joint venture, non-trade	–	–	70
Others	891	738	850
	95,887	145,323	133,840
Non-current:			
Deposits	482	–	–
Total trade and other receivables (excluding GST receivables and grant receivables)	95,073	143,438	133,121
Add: Cash and cash equivalents (Note 15)	85,887	79,644	89,473
Total financial assets carried at amortised cost	180,960	223,082	222,594

14. Trade and other receivables (cont'd)

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	2023	**2022**	**2021**
	$'000	$'000	$'000
Euro	4,673	13,249	–
US Dollar	5,932	5,024	4,789

Trade receivables and amounts due from joint venture and related companies, trade (current)

These amounts are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Deposits

Included in the deposits are rental deposits amounting to $1,007,000 (2022: $354,000, 2021: $379,000) and deposits paid for the rental of construction equipment amounting to $444,000 (2022: $641,000, 2021: $2,944,000).

Recoverables

Recoverables relate mainly to payment for purchases made on behalf to sub-contractors.

Amounts due from immediate holding company, non-trade (current)

These amounts are unsecured and bear interest at varying rates at 4.18% per annum (2022: 0.26% to 4.63% per annum, 2021: 0.26% to 2.10% per annum). The amounts have no fixed repayment terms and are repayable only upon demand.

Amounts due from joint venture and related companies, non-trade (current)

These amounts are unsecured, non-interest bearing and are repayable on demand. All amounts are to be settled in cash.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	2023	**2022**	**2021**
	$'000	$'000	$'000
Movement in allowance accounts:			
At 1 January	13	13	–
Charge for the year	–	–	13
At 31 December	13	13	13

15. Cash and cash equivalents

	2023 $'000	2022 $'000	2021 $'000
Cash at banks and on hand	71,009	65,157	72,541
Short-term deposits	14,878	14,487	16,932
	85,887	79,644	89,473

Cash at banks earn interest at floating rates based on daily bank deposit rates. As at 31 December 2021, 2022 and 2023, short-term deposits are made for varying periods of between 7 days and 9 months, 2 and 3 months and 1 and 6 months respectively, depending on the immediate cash requirements of the Group, and earn interests at the respective short term deposit rates. The interest rates for the years ended 31 December 2021, 2022 and 2023 range from 0.02% to 1.74% per annum, 1.7% to 3.3% per annum and 2.5% to 3.2% per annum respectively.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	2023 $'000	2022 $'000	2021 $'000
Euro	11	308	3,314
US Dollar	2,521	5,864	6,847

16. Loans and borrowings

	Maturity	2023 $'000	2022 $'000	2021 $'000
Current:				
Secured bank loans		26,193	5,583	3,833
Unsecured bank loan		1,264	1,250	1,250
		27,457	6,833	5,083
Non-current:				
Secured bank loans	2025	9,703	17,035	22,618
Unsecured bank loan	2025	1,180	2,434	3,649
		10,883	19,469	26,267
Total loans and borrowings		38,340	26,302	31,350

16. Loans and borrowings (cont'd)

Secured bank loans

The bank loans are denominated in Singapore Dollar and Malaysian Ringgit, and bear interest at varying rates from 1.25% to 2.00%, 1.30% to 4.36% and 2.00% to 6.14% per annum for the years ended 31 December 2021, 2022 and 2023.

The bank loans of $35,896,000 (2022: $22,618,000 and 2021: $26,451,000) are secured by corporate guarantee from the immediate holding company, of which an amount of $13,125,000 (2022: $16,188,000, 2021: $17,500,000) is also secured by legal mortgage on the precast yard (Note 9).

Unsecured bank loan

The bank loan is denominated in Singapore Dollar and bears interest at 2.00% per annum for the years ended 31 December 2021, 2022 and 2023.

A reconciliation of liabilities arising from financing activities is as follows:

	Loans			Lease liabilities (Note 25)		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	26,302	31,350	32,500	553	877	394
Cash flows						
Proceeds from loans and borrowings	18,881	–	–	–	–	–
Repayment of loans and borrowings and lease liabilities	(6,823)	(5,048)	(1,150)	(1,216)	(483)	(1,094)
Non-cash changes:						
- New leases	–	–	–	4,962	155	1,570
- Accretion of interest	–	–	–	146	7	7
- Acquisition of subsidiary	–	–	–	1,262	–	–
- Foreign exchange movement	(20)	–	–	(13)	(3)	–
At 31 December	38,340	26,302	31,350	5,694	553	877

16. Loans and borrowings (cont'd)

	Amount due from immediate holding company, non-trade (net) (Note 14 and 17)		
	2023	**2022**	**2021**
	$'000	$'000	$'000
At 1 January	2,927	4,660	5,136
Cash flows			
- Advances/(Repayment)	1,446	(2,304)	315
- Net interest (received)/paid	(19)	1,302	(454)
Non-cash changes:			
- Accretion of interest	658	(731)	(337)
- Group tax relief	(2,849)	–	–
At 31 December	2,163	2,927	4,660
Current:			
Amount due from immediate holding company, non-trade (Note 14)	22,937	52,946	48,252
Amount due to immediate holding company, non-trade (Note 17)	(20,774)	(7,405)	(4,278)
Non-current:			
Amount due to immediate holding company, non-trade (Note 17)	–	(42,614)	(39,314)
	2,163	2,927	4,660

17. Trade and other payables

	2023 $'000	**2022** $'000	**2021** $'000
Current:			
Trade payables	79,495	71,276	61,040
Other payables	2,620	1,809	7,786
Amounts due to immediate holding company, trade	3,959	3,159	799
Amounts due to immediate holding company, non-trade	20,774	7,405	4,278
Amounts due to related companies, trade	–	132	–
Amounts due to related companies, non-trade	–	29	22
Amount due to joint venture, trade	–	–	12
GST payables	843	1,688	943
	107,691	85,498	74,880
Non-current:			
Trade payables	23,739	24,674	22,729
Amounts due to immediate holding company, non-trade	–	42,614	39,314
	23,739	67,288	62,043
Trade and other payables (excluding GST payables)	130,587	151,098	135,980
Add:			
- Other liabilities (excluding lease liabilities) (Note 19)	55,810	54,513	56,377
- Loans and borrowings (Note 16)	38,340	26,302	31,350
Total financial liabilities carried at amortised cost	224,737	231,913	223,707

Trade and other payables denominated in foreign currencies at 31 December are as follows:

	2023 $'000	**2022** $'000	**2021** $'000
Euro	4,673	238	73
US Dollar	243	1,166	2,167
Malaysian Ringgit	839	3,412	73

<u>Trade payables, amounts due to immediate holding company, trade, amounts due to related companies, trade and amounts due to joint venture, trade</u>

These amounts are unsecured, non-interest bearing and normally settled on 30 to 90 days terms.

<u>Amounts due to immediate holding company, non-trade (current) and amounts due to related companies, non-trade</u>

These amounts are unsecured, non-interest bearing and are to be settled in cash on demand.

17. Trade and other payables (cont'd)

Amounts due to immediate holding company, non-trade (non-current)

The amounts are unsecured, bear interest ranging from 4.80% to 5.15% (2022: 3.19% to 3.85%, 2021: 2.56% to 2.97%) per annum and not expected to be repaid within the next twelve months. As at 31 December 2023, the amounts were fully settled.

18. Provisions

	2023 $'000	2022 $'000	2021 $'000
Current:			
Provision for liquidated damages	–	9,552	7,779
Provision for onerous contracts	24,106	2,300	5,248
Provision for reinstatement costs	600	960	2,979
Provision for warranty	1,268	1,104	–
	25,974	13,916	16,006
Non-current:			
Provision for reinstatement costs	704	815	543
	26,678	14,731	16,549

	Movement in provision for				
	Onerous contracts $'000	**Reinstatemen t costs** $'000	**Liquidated damages** $'000	**Warranty** $'000	**Total** $'000
At 31 December 2020	7,031	3,043	3,899	–	13,973
Arose during the financial year	4,706	543	3,880	–	9,129
Utilised	(6,489)	(64)	–	–	(6,553)
At 31 December 2021	5,248	3,522	7,779	–	16,549
Arose/(Writeback) during the financial year	13,800	(1,455)	1,773	1,104	15,222
Utilised	(16,748)	(292)	–	–	(17,040)
At 31 December 2022	2,300	1,775	9,552	1,104	14,731
Arose/(Writeback) during the financial year	44,339	(471)	(9,552)	164	34,480
Utilised	(22,533)	–	–	–	(22,533)
At 31 December 2023	24,106	1,304	–	1,268	26,678

18. Provisions (cont'd)

Provision for liquidated damages is made for the delay in meeting certain project milestones as stipulated in the project timeline. The provision for liquidated damages were written back as the customer provided a waiver out of goodwill.

Provision for onerous contracts is made when it is assessed that the costs to fulfil the performance obligation is unavoidable for loss-making contracts.

Provision for reinstatement costs is made for the expected costs associated with restoring the leased assets or land upon expiry of leases or project to its original condition based on the requirements of the lease contract or project agreement.

Provision for warranty is recognised for expected warranty claims on engineering contracts, based on past experience and knowledge of the project management personnel.

19. Other liabilities

	2023 $'000	2022 $'000	2021 $'000
Current:			
Accrued project costs and operating expenses	55,810	54,513	56,377
Lease liabilities	2,360	334	445
	58,170	54,847	56,822
Non-current:			
Lease liabilities	3,334	219	432
	61,504	55,066	57,254

20. Deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December relate to the following:

	Consolidated Balance Sheet			Consolidated Income Statement		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets						
Unutilised tax losses	6,413	4,010	2,955	(3,823)	(1,104)	186
Provisions	4,249	1,791	1,603	(2,458)	(196)	(696)
	10,662	5,801	4,558			
Deferred tax liabilities						
Differences in depreciation for tax purpose	–	–	–	–	–	(105)
Fair value adjustments on acquisition of subsidiary	–	380	897	(380)	(517)	(664)
	–	380	897			
Deferred tax credit				(6,661)	(1,817)	(1,279)

20. Deferred tax assets and liabilities (cont'd)

Unrecognised tax losses

As at 31 December 2021, 2022 and 2023, the Group has tax losses and allowances of approximately $20,721,000, $17,338,000 and $17,613,000, and that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses do not expire under current tax legislation.

21. Share capital

	2023		2022		2021	
	No. of shares ’000	$’000	**No. of shares** ’000	$’000	**No. of shares** ’000	$’000
Issued and fully paid ordinary shares						
At 1 January	100,550	100,550	100,550	100,550	100,550	100,550
Issuance of shares	31,752	26,672	–	–	–	–
At 31 December	132,302	127,222	100,550	100,550	100,550	100,550

On 13 October 2023, the Company issued 31,752,000 ordinary shares at $0.84 per share to a new shareholder.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

22. Other reserves

	Note	2023 $’000	2022 $’000	2021 $’000
Foreign currency translation reserve	(a)	(870)	(407)	46
Capital reserve	(b)	17,916	17,916	17,916
		17,046	17,509	17,962

22. Other reserves (cont'd)

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	2023 $'000	2022 $'000	2021 $'000
At 1 January	(407)	46	136
Net effect of exchange difference arising from translation of financial statements of foreign operations	(463)	(453)	(90)
At 31 December	(870)	(407)	46

(b) Capital reserve

The capital reserve arose from a restructuring exercise among the Acrophyte Group of companies in 2017.

	2023 $'000	2022 $'000	2021 $'000
At beginning and end of the year	17,916	17,916	17,916

23. Employee benefits expense

	2023 $'000	2022 $'000	2021 $'000
Employee benefits expense (including directors):			
Salaries and bonuses	69,061	62,165	47,755
Central Provident Fund contributions	13,513	12,104	8,560
Other short term benefits	1,894	2,406	2,300
	84,468	76,675	58,615

24. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2023 $'000	2022 $'000	2021 $'000
Construction revenue earned from fellow subsidiaries of immediate holding company	15,804	41,404	27,519
Construction revenue earned from joint venture	16,017	21,300	–
Rental expense paid to related party	707	–	–
Management fee charged by immediate holding company	2,030	1,629	1,034
Consultancy fee paid/payable to a director	–	405	707
Interest income from immediate holding company	1,987	852	443
Share of common costs charged by immediate holding company	1,930	1,950	1,791

(b) Compensation of key management personnel

	2023 $'000	2022 $'000	2021 $'000
Short-term employee benefits	2,527	2,046	1,980
Central Provident Fund contributions	67	53	83
Other short-term benefits	79	53	63
	2,673	2,152	2,126
Comprise amounts paid to:			
- Directors of the Company	2,422	629	273
- Other key management personnel	251	1,523	1,853
	2,673	2,152	2,126

25. Leases

(a) Group as a lessee

The Group has entered into industrial property lease on a 3D printing yard, various commercial property leases and various leases of land which certain buildings are situated on. The leases generally have lease terms between 2 and 33 years for the financial years ended 31 December 2021, 2022 and 2023. Generally, the Group is restricted from subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movement during the period:

	2023 $'000	2022 $'000	2021 $'000
Leasehold land and buildings			
As at beginning of the year	31,196	33,488	33,416
Additions	5,388	155	1,570
Acquisition of subsidiary	1,183	–	–
Depreciation expense	(2,765)	(2,453)	(2,290)
Write back of impairment	–	–	784
Exchange differences	(3)	6	8
As at end of the year	34,999	31,196	33,488

Set out below are the carrying amounts of liabilities (included under other liabilities) and the movement during the period:

	2023 $'000	2022 $'000	2021 $'000
As at beginning of the year	553	877	394
Additions	4,962	155	1,570
Exchange differences	(13)	(3)	–
Accretion of interest	146	7	7
Acquisition of subsidiary	1,262	–	–
Payments	(1,216)	(483)	(1,094)
As at end of the year	5,694	553	877
Current (Note 19)	2,360	334	445
Non-current (Note 19)	3,334	219	432

The maturity analysis of lease liabilities are disclosed in Note 28(b).

25. Leases (cont'd)

(a) Group as a lessee (cont'd)

The following are the amounts recognised in income statement:

	2023 $'000	**2022** $'000	**2021** $'000
Depreciation expense of right-of-use assets	2,765	2,453	1,578
Interest expenses on lease liabilities	146	7	7
Total amount recognised in income statement	2,911	2,460	1,585

The Group had total cash outflows for leases of $1,094,000, $483,000 and $1,216,000 in 2021, 2022 and 2023 respectively. The Group had non-cash additions to right-of-use assets of $1,570,000, $155,000 and $5,388,000 in 2021, 2022 and 2023 respectively. The Group also had non-cash additions to lease liabilities of $1,570,000, $155,000 and $4,962,000 in 2021, 2022 and 2023 respectively.

The Group has lease contracts that include extension option. Such options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension option that are not included in the lease term:

	Within five years $'000	**Over five years** $'000	**Total** $'000
2023			
Extension options expected not to be exercised	5,542	1,304	6,846
2022			
Extension options expected not to be exercised	976	–	976
2021			
Extension options expected not to be exercised	813	163	976

26. Guarantees

	2023 $'000	2022 $'000	2021 $'000
Guarantees given to project owner for performance of contracts and letter of credit	105,733	75,566	73,654

27. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current receivables, cash at bank, current trade and other payables and other liabilities

The carrying amounts of current receivables, cash at bank, current trade and other payables and other liabilities are reasonable approximation of their fair values due to their short-term nature.

Non-current receivables, trade payables, borrowings and amounts due to immediate holding company

The carrying amount of non-current receivables, trade payables, borrowings and amounts due to immediate holding company are reasonable approximation of fair value as it is repriced to market interest rate.

28. Financial risk management objectives and 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, liquidity risk, interest rate risk and foreign currency risk. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

28. Financial risk management objectives and policies (cont'd)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

28. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix:

31 December 2023	**Current**	**1 to 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**More than 90 days past due**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Contract assets	100,573	–	–	–	–	100,573
Gross carrying amount	17,504	3,552	62	2,106	8,141	31,365
Loss allowance provision	–	–	–	–	(13)	(13)

31 December 2022	**Current**	**1 to 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**More than 90 days past due**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Contract assets	94,072	–	–	–	–	94,072
Gross carrying amount	33,346	15,522	259	646	1,435	51,208
Loss allowance provision	–	–	–	–	(13)	(13)

28. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

31 December 2021	Current $'000	1 to 30 days past due $'000	31 to 60 days past due $'000	61 to 90 days past due $'000	More than 90 days past due $'000	Total $'000
Contract assets	66,832	–	–	–	–	66,832
Gross carrying amount	10,509	16,595	348	353	319	28,124
Loss allowance provision	–	–	–	–	(13)	(13)

Information regarding loss allowance movement of trade receivables are disclosed in Note 14.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables and contract assets on an on-going basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the end of the reporting period is as follows:

	2023		2022		2021	
	$'000	% of total	$'000	% of total	$'000	% of total
By country:						
Singapore	147,380	90	141,550	83	124,535	91
Other countries	15,627	10	28,508	17	12,375	9
	163,007	100	170,058	100	136,910	100

As at 31 December 2021 and 2023, approximately 65% and 50% of the Group's trade receivables respectively were due from 3 major customers in Singapore. In 2022, 55% of the Group's trade receivables respectively were due from 2 major customers who are located in Singapore, and 1 major customer located in Germany.

28. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

At the end of the reporting period, approximately 72% (2022: 26%, 2021: 16%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturity within twelve months can be rolled over with existing lenders.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	Group			
31 December 2023	**One year or less** $'000	**One to five years** $'000	**Over five years** $'000	**Total** $'000
Trade and other payables	106,848	23,739	–	130,587
Lease liabilities	2,592	3,467	–	6,059
Other liabilities (excluding lease liabilities)	55,810	–	–	55,810
Loans and borrowings	28,695	11,113	–	39,808
Total undiscounted financial liabilities	193,945	38,319	–	232,264
31 December 2022				
Trade and other payables	85,427	74,374	–	159,801
Lease liabilities	342	227	–	569
Other liabilities (excluding lease liabilities)	54,513	–	–	54,513
Loans and borrowings	7,636	20,224	–	27,860
Total undiscounted financial liabilities	147,918	94,825	–	242,743

28. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Group			
31 December 2021	**One year or less** $'000	**One to five years** $'000	**Over five years** $'000	**Total** $'000
Trade and other payables	75,076	66,926	–	142,002
Lease liabilities	447	432	–	879
Other liabilities (excluding lease liabilities)	56,377	–	–	56,377
Loans and borrowings	5,536	26,913	–	32,449
Total undiscounted financial liabilities	137,436	94,271	–	231,707

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings.

As at 31 December 2021, 2022 and 2023, the interest rate for loan and borrowings are based on floating rate except for the term loans amounting to $13,849,000, $10,114,000 and $6,354,000 respectively which are based on fixed rate.

Sensitivity analysis for interest rate risk

At the end of each reporting period, if SGD interest rates had been 75 basis points ('bps') lower/higher with all other variables held constant, the Group's profit before tax would have been $68,000 higher/lower (2022: $44,000, 2021: $64,000), arising mainly as a result of lower/higher interest expense on floating rate loans given to/(from) immediate holding company.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

28. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk

The functional currencies of the Group entities primarily comprise the Singapore Dollar ("SGD") and Malaysian Ringgit ("MYR"). All the sales and cost of sales are in their respective functional currencies of the Group entities.

The Group also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD and Euro. Other than these currencies, the exposure from other foreign currency balances has no significant impact to the Group's profit.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in Malaysia. The Group's net investments in foreign operations are not hedged as currency positions in the foreign operations are considered to be long-term in nature.

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the following exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Loss before tax 2023 $'000	**Profit before tax 2022** $'000	**Loss before tax 2021** $'000
USD			
- strengthened 3%	(246)	292	(284)
- weakened 3%	246	(292)	284
EUR			
- strengthened 3%	3	400	(97)
- weakened 3%	(3)	(400)	97

29. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021, 2022 and 2023.

29. Capital management (cont'd)

Management monitors capital based on the net debt-equity ratio, which is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents, and total capital is calculated as equity including non-controlling interests in subsidiaries.

	2023	**2022**	**2021**
	$'000	$'000	$'000
Cash and cash equivalents (Note 15)	85,887	79,644	89,473
Less:			
Loans and borrowings (Note 16)	(38,340)	(26,302)	(31,350)
Net cash	47,547	53,342	58,123

Net debt-equity ratio is not applicable as the Group is in net cash position.

30. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

(a) The building construction segment is in the business of general building.

(b) The civil infrastructure segment is in the business of infrastructure and civil engineering.

(c) The prefabrication technology segment is in the business of manufacturing and trading of precast/3D products and modular building construction.

(d) The environmental & sustainability segment is involved in water and environmental engineering construction.

(e) The procurement segment is in the business of trading of construction materials.

(f) The others segment is involved in Group-level corporate services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

30. Segment information (cont'd)

2023	Building construction $'000	Civil infrastructure $'000	Prefabrication technology $'000	Environmental & sustainability $'000	Procurement $'000	Others $'000	Total $'000
Revenue:							
Total segment sales	251,143	197,877	35,253	48,980	857	53,977	588,087
Intersegment sales	–	–	(12,931)	–	(12)	(53,977)	(66,920)
Sales to external customers	251,143	197,877	22,322	48,980	845	–	521,167
Interest income	1,805	1,690	14	29	–	110	3,648
Finance costs	592	63	804	7	22	1,463	2,951
Depreciation and amortisation	1,548	2,168	3,512	435	135	1,041	8,839
Other non-cash items:							
Provision for onerous contracts	2,127	42,263	–	(51)	–	–	44,339
Provision for liquidated damages	–	(9,552)	–	–	–	–	(9,552)
Provision for warranty	–	–	–	164	–	–	164
Segment profit/(loss)	7,837	(35,242)	(493)	375	(712)	(4,554)	(32,789)
Assets and liabilities:							
Additions to non-current assets:							
Property, plant and equipment	1,533	273	5,470	535	1,183	10,038	19,032
Intangible assets	–	–	–	151	–	385	536
Segment assets	101,772	123,626	54,549	39,545	2,039	45,305	366,836
Segment liabilities	98,485	107,826	30,380	25,983	2,198	31,538	296,410

30. Segment information (cont'd)

2022	**Building construction** $'000	**Civil infrastructure** $'000	**Prefabrication technology** $'000	**Environmental & sustainability** $'000	**Others** $'000	**Total** $'000
Revenue:						
Total segment sales	356,261	191,455	40,362	50,399	4,092	642,569
Intersegment sales	–	–	(10,955)	–	(4,092)	(15,047)
Sales to external customers	356,261	191,455	29,407	50,399	–	627,522
Interest income	812	1,187	15	–	2	2,016
Finance costs	208	87	449	1	1,583	2,328
Depreciation and amortisation	1,448	3,153	4,001	1,520	124	10,246
Share of results of joint venture	–	–	–	(110)	–	(110)
Other non-cash items:						
Provision for onerous contracts	15,960	–	(1,868)	(292)	–	13,800
Provision for liquidated damages	–	1,773	–	–	–	1,773
Provision for warranty	–	–	–	1,104	–	1,104
Segment profit/(loss)	10,912	10,055	(1,259)	472	(1,719)	18,461
Assets and liabilities:						
Additions to non-current assets:						
Property, plant and equipment	2,075	609	2,967	176	195	6,022
Segment assets	135,647	141,577	51,732	56,258	1,281	386,495
Segment liabilities	95,445	78,430	30,505	35,626	47,363	287,369

30. Segment information (cont'd)

2021	Building construction $'000	Civil infrastructure $'000	Prefabrication technology $'000	Environmental & sustainability $'000	Others $'000	Total $'000
Revenue:						
Total segment sales	166,533	172,423	46,326	28,302	3,142	416,726
Intersegment sales	–	–	(2,358)	–	(3,142)	(5,500)
Sales to external customers	166,533	172,423	43,968	28,302	–	411,226
Interest income	371	1,095	7	4	1	1,478
Finance costs	208	100	230	2	780	1,320
Depreciation and amortisation	1,098	4,537	4,966	2,082	60	12,743
Share of results of joint venture	–	–	–	(143)	–	(143)
Other non-cash items:						
Provision for onerous contracts	2,739	–	1,868	99	–	4,706
Provision for liquidated damages	–	3,880	–	–	–	3,880
Writeback of impairment loss on property, plant and equipment	–	–	(628)	–	–	(628)
Segment profit/(loss)	1,141	2,776	(1,622)	(735)	(841)	719
Assets and liabilities:						
Investment in joint venture	–	–	–	110	–	110
Additions to non-current assets:						
Property, plant and equipment	891	1,132	4,172	55	480	6,730
Segment assets	133,261	136,026	59,865	33,312	488	362,952
Segment liabilities	104,134	81,866	38,277	13,289	42,107	279,673

30. Segment information (cont'd)

Geographical information

Non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Non-current assets		
	2023	**2022**	**2021**
	$'000	$'000	$'000
Singapore	59,993	50,928	55,787
Malaysia	5,628	4,505	4,158
	65,621	55,433	59,945

Non-current assets information presented above consist of property, plant and equipment, and intangible assets as presented in the consolidated balance sheet.

Information about major customers

In 2022 and 2023, one major customer from the building construction segment and two major customers from the civil infrastructure segment individually contributed to 10.0% or more of the Group's total revenue. In 2023, one major customer from the building construction segment and the civil infrastructure segment individually contributed to 10.0% or more of the Group's total revenue. Details are as follows:

	2023	**2022**	**2021**
	$'000	$'000	$'000
Building construction			
Customer 1	223,800	314,857	138,983
Civil infrastructure and Environmental & sustainability			
Customer 1	105,377	71,837	89,959
Customer 2	–	70,849	55,794

31. Dividend

	2023	**2022**	**2021**
	$'000	$'000	$'000
Declared and paid during the financial year			
Dividends on ordinary shares			
- Interim tax-exempt (one tier) dividend for 2023: 26.5 cents per share	26,672	–	–

The dividends was paid by way of promissory note to its shareholder, Acrophyte Pte. Ltd.. The promissory note was subsequently assigned to an ultimate shareholder of Acrophyte Pte. Ltd. and settled by way of allotment of new shares in the Company to that ultimate shareholder.

32. Commitments

As at 31 December 2021 and 2022, the Group has entered into capital commitments of $1,666,000 and $132,000 respectively relating to purchase of assets. There was no capital commitment as at 31 December 2023.

33. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2021, 2022 and 2023 were authorised for issue in accordance with a resolution of the Directors on 5 December 2024.

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Building a better working world

The Board of Directors
Chip Eng Seng Construction Pte. Ltd.
12 Tai Seng Link
#08-01 Singapore 534233

5 December 2024

Report on Review of Condensed Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Chip Eng Seng Construction Pte. Ltd. (the "Company" or "CESCN") and its subsidiaries (collectively, the "Group" or "CESCN Group") for the 6 months ended 30 June 2024 (the "Financial Statements"), which comprise the condensed interim consolidated balance sheet as at 30 June 2024 and the related condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim statement of changes in equity and condensed interim consolidated statement of cash flows for the periods then ended and explanatory notes. The management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with Singapore Financial Reporting Standard (International) SFRS(I) 1-34 Interim Financial Reporting ("SFRS(I) 1-34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements ("SSRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with SFRS(I) 1-34.

Yours faithfully,

Ernst & Young LLP

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

Company Registration No. 201538948R

Chip Eng Seng Construction Pte. Ltd.
and its Subsidiaries

Condensed Interim Consolidated Financial Statements
For the 6 months ended 30 June 2024

Index

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Condensed Interim Consolidated Income Statement
For the 6 months ended 30 June 2024 (Unaudited)

	Note	1H2024 $'000	1H2023 $'000
Revenue	4	253,183	255,623
Cost of sales		(228,664)	(249,861)
Gross profit		24,519	5,762
Other gains net and other income	5	3,657	2,921
Other items of expense			
Marketing and distribution		(1)	(13)
Administrative expenses		(20,086)	(14,693)
Finance costs		(868)	(1,667)
Profit/(loss) before tax	6	7,221	(7,690)
Income tax (expense)/credit		(1,798)	520
Profit/(loss) for the period		5,423	(7,170)
Attributable to:			
Owners of the Company		5,416	(7,170)
Non-controlling interests		7	–
		5,423	(7,170)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Condensed Interim Consolidated Statement of Comprehensive Income
For the 6 months ended 30 June 2024 (Unaudited)

	Note	**1H2024** $'000	**1H2023** $'000
Profit/(loss) for the period		5,423	(7,170)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(20)	(330)
Total comprehensive income for the period		5,403	(7,500)
Attributable to:			
Owner of the Company		5,397	(7,500)
Non-controlling interests		6	–
Total comprehensive income for the period		5,403	(7,500)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Condensed Interim Consolidated Balance Sheet
As at 30 June 2024 (Unaudited)

	Note	30 June 2024 $'000	31 December 2023 $'000
Non-current assets			
Property, plant and equipment	7	53,769	54,818
Intangible assets	8	10,784	10,803
Deferred tax assets		9,399	10,662
Trade and other receivables		503	482
		74,455	76,765
Current assets			
Inventories		6,950	4,045
Prepayments		2,766	3,065
Trade and other receivables		80,457	95,887
Tax recoverable		–	614
Contract assets		69,633	100,573
Cash and cash equivalents		97,340	85,887
		257,146	290,071
Total assets		331,601	366,836
Current liabilities			
Loans and borrowings	9	23,346	27,457
Trade and other payables		85,847	107,691
Contract liabilities		36,318	38,458
Provision		22,891	25,974
Other liabilities		52,075	58,170
Income tax payable		1,001	–
		221,478	257,750
Net current assets		35,668	32,321

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Condensed Interim Consolidated Balance Sheet
As at 30 June 2024 (Unaudited)

	Note	**30 June 2024** $'000	**31 December 2023** $'000
Non-current liabilities			
Loans and borrowings	9	5,919	10,883
Trade and other payables		25,266	23,739
Provision		726	704
Other liabilities		2,334	3,334
		34,245	38,660
Total liabilities		255,723	296,410
Net assets		75,878	70,426
Equity attributable to owners of the Company			
Share capital		127,222	127,222
Accumulated losses		(67,977)	(73,393)
Other reserves		17,027	17,046
		76,272	70,875
Non-controlling interests		(394)	(449)
Total equity		75,878	70,426

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Condensed Interim Consolidated Statement of Changes in Equity
For the 6 months ended 30 June 2024 (Unaudited)

	Equity, total $'000	Equity attributable to owners of the Company, total $'000	Share capital $'000	Accumulated losses $'000	Other Reserves $'000	Non-controlling interest $'000
2024						
Opening balance at 1 January 2024	70,426	70,875	127,222	(73,393)	17,046	(449)
Profit for the period	5,423	5,416	–	5,416	–	7
Other comprehensive income						
Foreign currency translation	(20)	(19)	–	–	(19)	(1)
Total comprehensive income for the period	5,403	5,397	–	5,416	(19)	6
Changes in ownership interests in subsidiary						
Acquisition of subsidiary	49	–	–	–	–	49
Total transaction with owner in its capacity as owner	49	–	–	–	–	49
Closing balance at 30 June 2024	75,878	76,272	127,222	(67,977)	17,027	(394)
2023						
Opening balance at 1 January 2023	99,126	99,126	100,550	(18,933)	17,509	–
Loss for the period	(7,170)	(7,170)	–	(7,170)	–	–
Other comprehensive income						
Foreign currency translation	(330)	(330)	–	–	(330)	–
Total comprehensive income for the period	(7,500)	(7,500)	–	(7,170)	(330)	–
Closing balance at 30 June 2023	91,626	91,626	100,550	(26,103)	17,179	–

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Chip Eng Seng Construction Pte. Ltd. and its subsidiaries

Condensed Interim Consolidated Statement of Cash Flows
For the 6 months ended 30 June 2024 (Unaudited)

	Note	1H2024 $'000	1H2023 $'000
Operating activities			
Profit/(loss) before tax		7,221	(7,690)
Adjustments for:			
Interest income		(715)	(1,722)
Gain on disposal of property, plant and equipment		(232)	(2)
Provision for warranty		71	–
Finance costs		868	1,667
Net provision for onerous contracts		161	12,224
Depreciation of property, plant and equipment		5,666	2,544
Amortisation of intangible assets		19	871
Unrealised exchange differences		(67)	(42)
Operating cash flows before changes in working capital		12,992	7,850
Changes in working capital:			
Inventories		(2,889)	(1,778)
Prepayments		282	1,036
Trade and other receivables and contract assets		23,683	45,163
Trade and other payables and contract liabilities		(1,740)	(2,396)
Other liabilities		(9,139)	(24,248)
Cash flows generated from operations		23,189	25,627
Interest paid		(739)	(954)
Interest received		569	555
Income taxes received/(paid)		1,080	(1,159)
Net cash flows generated from operating activities		24,099	24,069
Investing activities			
Purchase of property, plant and equipment	7	(4,712)	(2,235)
Proceeds from disposal of property, plant and equipment		339	242
Net cash flows used in investing activities		(4,373)	(1,993)
Financing activities			
Repayment of loans and borrowings		(9,077)	(3,189)
Proceeds from loans and borrowings		–	5,000
Contribution from non-controlling interests		49	–
Repayment from immediate holding company		2,119	5,603
Payment of lease liabilities		(1,373)	(174)
Net cash flows (used in)/generated from financing activities		(8,282)	7,240
Net increase in cash and cash equivalents		11,444	29,316
Effect of exchange rate changes on cash and cash equivalents		9	(9)
Cash and cash equivalents at beginning of the period		85,887	79,644
Cash and cash equivalents at end of the period		97,340	108,951

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1.1 Basis of preparation

The condensed interim consolidated financial statements for the 6 months ended 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group. The condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023, which have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.

1.2 Proposed transaction

On 4 December 2024, the shareholders of the Company (collectively, the "Vendors", and each, a "Vendor") entered into a conditional sale and purchase agreement (the "SPA") with OKH Global Ltd. (“OKH”) for the sale by the Vendors, and the purchase by OKH (the "Proposed Acquisition"), of 132,302,000 ordinary shares (the "Sale Shares") representing 100% of the issued and paid-up share capital of the Company in consideration for which OKH will allot and issue new shares (the "Shares") to the Vendors (the "Proposed Issuance", and together with the Proposed Acquisition, the "Proposed Transaction").

The consideration for the purchase of all the Sale Shares shall be S$118,548,000 (the "Initial Consideration"), subject to adjustment in accordance with the terms and conditions of the SPA (the "Consideration Adjustment", and the amount of consideration after any adjustment (if applicable), being the "Final Consideration").

The Final Consideration will be satisfied by the Proposed Issuance by OKH of an aggregate of up to 2,257,197,258[1] Shares to the Vendors (the "Consideration Shares") at an issue price of S$0.05252 per Share (the "Issue Price"). The Issue Price is pegged to the net asset value per Share of OKH as at 30 June 2024. The number of Consideration Shares to be issued to each Vendor will be determined by dividing each Vendor's Relevant Consideration Portion[2] by the Issue Price, fractional entitlements to be disregarded.

[1] Calculated by dividing the Initial Consideration by the Issue Price, and disregarding fractional entitlements.

[2] "Relevant Consideration Portion" means, in relation to a Vendor, the product obtained by multiplying the Final Consideration by the approximate proportion of the total number of issued shares in the Company held by such Vendor.

2. New and amended standards adopted by the Group

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The adoption of these amendments did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial period.

3. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

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

The following are the critical accounting estimates in applying the Group's accounting policies in the financial statements for the 6 months ended 30 June 2024:

3.1 Impairment of intangible assets

The carrying values of intangible assets with indefinite life are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The recoverable amounts of the cash generating units ("CGU") which goodwill and order backlog have been allocated to are determined based on value in use ("VIU") calculations. The VIU calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the weighted average cost of capital used for the discounted cash flow model as well as the future cash inflows generated from the construction projects undertaken by the respective CGUs.

As an impairment test was carried out as at 31 December 2023 and there were no impairment indicators at 30 June 2024, no impairment testing was performed.

3.2 Revenue from construction contracts, contract assets and contract liabilities

The management of the Group reviews and revised the estimate of (i) contract revenue (including variations or omissions in contract works, liquidated damages and incentive payments) yet to be certified by surveyors appointed by the customers and (ii) contract costs for each construction contract on a regular basis.

Recognised amounts of contract revenue and contract costs reflect management's best estimate of each contract's outcome, which are determined on the basis of a number of assumptions. In making these estimates, management takes into consideration the past experience in conducting similar construction works, as well as the current market conditions.

3. Use of judgements and estimates (cont'd)

3.2 Revenue from construction contracts, contract assets and contract liabilities (cont'd)

The actual outcomes in terms of the contract revenue and contract costs may be higher or lower than the amounts estimated at the end of the reporting period, which would affect the revenue and profit or loss recognised in the future years as an adjustment to the amounts recorded to date. The revenue recognised is as disclosed in Note 4.

The carrying amounts of contract assets and contract liabilities are disclosed on balance sheet. If the estimated total contract cost had been 1% higher than management's estimate, contract assets and contract liabilities would have been $16,760,000 lower and $5,621,000 higher respectively.

3.3 Provision for onerous contract

The Group estimates provision for onerous contracts for its construction contracts when it is inevitable that the unavoidable costs of meeting the obligation under the contracts exceeds the estimated economic benefits expected to be received under the contracts. The provision is measured according to management's best estimate of the expected revenue and costs to be earned or incurred. The estimates include an assessment of current market conditions, historical trends, as well as future expectation and is therefore subject to significant uncertainties.

4. Revenue

Disaggregation of revenue

	Building construction		Building construction (Australia)		Civil infrastructure		Prefabrication technology		Environmental & sustainability		Procurement		Total revenue	
	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets														
Singapore	127,295	123,400	–	–	87,231	108,441	12,826	6,033	3,849	299	307	–	231,508	238,173
Malaysia	–	–	–	–	–	–	–	–	10,926	14,130	–	–	10,926	14,130
Australia	–	–	6,378	–	–	–	–	–	–	–	–	–	6,378	–
Saudi Arabia	–	–	–	–	–	–	–	–	894	918	–	–	894	918
Bangladesh	–	–	–	–	–	–	–	–	1,494	958	–	–	1,494	958
Mozambique	–	–	–	–	–	–	–	–	1,650	14	–	–	1,650	14
Others	–	–	–	–	–	–	–	–	333	1,430	–	–	333	1,430
	127,295	123,400	6,378	–	87,231	108,441	12,826	6,033	19,146	17,749	307	–	253,183	255,623
Timing of transfer of goods or services														
At a point in time	–	–	–	–	–	–	12,826	6,033	–	–	268	–	13,094	6,033
Over time	127,295	123,400	6,378	–	87,231	108,441	–	–	19,146	17,749	39	–	240,089	249,590
	127,295	123,400	6,378	–	87,231	108,441	12,826	6,033	19,146	17,749	307	–	253,183	255,623

5. Other gains net and other income

	1H2024 $'000	**1H2023** $'000
Interest income	715	1,722
Government grants	358	172
Rental income	212	357
Sales of materials	231	159
Other miscellaneous income	1,794	156
Net foreign exchange gain	115	353
Gain on disposal of property, plant and equipment	232	2
	3,657	2,921

6. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	1H2024 $'000	**1H2023** $'000
Depreciation of property, plant and equipment	5,666	2,544
Amortisation of intangible assets	19	871
Employee benefits expense	46,085	41,536
Provision for onerous contracts	161	12,224

7. Property, plant and equipment

	Freehold land $'000	**Freehold buildings** $'000	**Right-of-use assets** $'000	**Others** $'000	**Total** $'000
As at 31 December 2023					
Cost	2,311	104	48,232	38,190	88,837
Accumulated depreciation and impairment	–	(104)	(13,233)	(20,682)	(34,019)
Net book value	2,311	–	34,999	17,508	54,818
6 months ended 30 June 2024					
Opening net book value	2,311	–	34,999	17,508	54,818
Additions	–	–	19	4,693	4,712
Disposals/Written off	–	–	–	(107)	(107)
Depreciation	–	–	(2,049)	(3,617)	(5,666)
Exchange differences	2	–	–	10	12
Closing net book value	2,313	–	32,969	18,487	53,769

7. Property, plant and equipment (cont'd)

	Freehold land $'000	Freehold buildings $'000	Right-of-use assets $'000	Others $'000	Total $'000
Aa at 30 June 2024					
Cost	2,313	104	48,252	42,554	93,223
Accumulated depreciation and impairment	–	(104)	(15,283)	(24,067)	(39,454)
Net book value	2,313	–	32,969	18,487	53,769

Committed lease contracts

There was no committed lease contracts being entered by the Group that have not yet commenced as at 30 June 2024. As at 30 June 2023, the Group has entered into lease contracts that have not yet commenced as at 30 June 2023. The future lease payments for non-cancellable lease contracts are $371,000 and $844,000 within 1 year and 2 to 5 years respectively.

8. Intangible assets

	Club membership $'000	Order backlog $'000	Goodwill $'000	Total $'000
As at 31 December 2023				
Cost	385	11,238	10,428	22,051
Accumulated amortisation	(10)	(11,238)	–	(11,248)
Net book value	375	–	10,428	10,803
6 months ended 30 June 2024				
Opening net book value	375	–	10,428	10,803
Amortisation	(19)	–	–	(19)
Closing net book value	356	–	10,428	10,784
As at 30 June 2024				
Cost	385	11,238	10,428	22,051
Accumulated amortisation	(29)	(11,238)	–	(11,267)
Net book value	356	–	10,428	10,784

9. Loans and borrowings

	As at 30 June 2024	As at 31 December 2023
	$'000	$'000
Amount repayable in one year or less, or on demand		
Secured bank loans	22,069	26,193
Unsecured bank loan	1,277	1,264
	23,346	27,457
Amount repayable after one year		
Secured bank loans	5,381	9,703
Unsecured bank loan	538	1,180
	5,919	10,883
Total loans and borrowings	29,265	38,340

Details of any collateral

The secured borrowings are mainly secured by legal mortgage on a precast yard and corporate guarantee from the immediate holding company.

10. Significant related party transactions

In addition to the related party information disclosed elsewhere in the condensed interim consolidated financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	1H2024	1H2023
	$'000	$'000
Compensation to key management personnel	2,354	1,014
Rental expense paid to related company	925	–
Construction revenue earned from a fellow subsidiary of immediate holding company	708	10,650
Construction revenue earned from a joint venture	–	14,130
(Reversal of management fee)/Management fee charged by immediate holding company	(97)	527
Share of common costs charged by immediate holding company	–	972
Interest income from immediate holding company	75	1,033
Interest expenses to immediate holding company	–	1,092

11. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has seven reportable operating segments as follows:

(a) The building construction segment is in the business of general building.

(b) The building construction (Australia) segment is in the business of general building in Australia.

(c) The civil infrastructure segment is in the business of infrastructure and civil engineering.

(d) The prefabrication technology segment is in the business of manufacturing and trading of precast/3D products and modular building construction.

(e) The environmental & sustainability segment is involved in water and environmental engineering construction.

(f) The procurement segment is in the business of wholesale of construction materials, hardware, plumbing and heating equipment and supplies

(g) The others segment is in the business of Group-level corporate services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the condensed interim consolidated financial statements.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

11. Segment information (cont'd)

	Building construction $'000	Building construction (Australia) $'000	Civil infrastructure $'000	Prefabrication technology $'000	Environmental & sustainability $'000	Procurement $'000	Others $'000	Total $'000
6 months ended 30 June 2024								
Revenue:								
Total segment sales	127,295	6,378	87,231	19,380	19,156	797	5,299	265,536
Intersegment sales	–	–	–	(6,554)	(10)	(490)	(5,299)	(12,353)
Sales to external customers	127,295	6,378	87,231	12,826	19,146	307	–	253,183
Interest income	177	48	312	17	35	–	126	715
Finance costs	370	–	22	347	9	14	106	868
Depreciation and amortisation	992	14	300	2,204	132	93	1,950	5,685
Other non-cash items:								
Net provision for onerous contracts	161	–	–	–	–	–	–	161
Provision for warranty	–	–	–	–	71	–	–	71
Segment profit/(loss)	2,641	(578)	5,420	(716)	240	(19)	233	7,221
As at 30 June 2024								
Assets and liabilities:								
Additions to non-current assets:								
Property, plant and equipment	169	266	493	2,796	326	–	662	4,712
Segment assets	112,604	6,102	99,507	56,818	39,703	381	16,486	331,601
Segment liabilities	118,427	3,656	80,983	25,213	20,916	547	5,981	255,723

11. Segment information (cont'd)

	Building construction $'000	Building construction (Australia) $'000	Civil infrastructure $'000	Prefabrication technology $'000	Environmental & sustainability $'000	Procurement $'000	Others $'000	Total $'000
6 months ended 30 June 2023								
Revenue:								
Total segment sales	123,400	–	108,441	9,940	17,749	–	1,753	261,283
Intersegment sales	–	–	–	(3,907)	–	–	(1,753)	(5,660)
Sales to external customers	123,400	–	108,441	6,033	17,749	–	–	255,623
Interest income	957	–	756	5	3	–	1	1,722
Finance costs	144	–	34	389	–	–	1,100	1,667
Depreciation and amortisation	660	–	1,102	1,370	130	–	153	3,415
Other non-cash items:								
Net provision for onerous contracts	3,096	–	9,136	–	(8)	–	–	12,224
Segment profit/(loss)	1,429	–	(6,895)	(127)	(247)	–	(1,850)	(7,690)
As at 31 December 2023								
Assets and liabilities:								
Additions to non-current assets:								
Property, plant and equipment	1,533	–	273	5,470	535	1,183	10,038	19,032
Intangible assets	–	–	–	–	151	–	385	536
Segment assets	101,772	–	123,626	54,549	39,545	2,039	45,305	366,836
Segment liabilities	98,485	–	107,826	30,380	25,983	2,198	31,538	296,410

11. Segment information (cont'd)

Geographical information

Non-current assets information based on the geographical location of customers and assets respectively are as follows:

	30 June 2024 $'000	31 December 2023 $'000
Singapore	58,607	59,993
Malaysia	5,690	5,628
Australia	256	–
	64,553	65,621

Non-current assets information presented above consist of property, plant and equipment, and intangible assets as presented in the consolidated balance sheet.

Information about major customers

During the financial period, one major customer from the respective segments individually contributed to 10.0% or more of the Group's total revenue. Details are as follows:

	1H2024 $'000	1H2023 $'000
Building construction	116,210	110,745
Civil infrastructure and Environmental & sustainability	45,826	43,714
Civil infrastructure and Building construction	38,906	30,426
Civil infrastructure	–	36,388

12. Authorisation for issue of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements for the 6 months ended 30 June 2024 were authorised for issue in accordance with a resolution of the Board of Directors of the Group on 5 December 2024.

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APPENDIX D

REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEARS ENDED 30 JUNE 2022, 30 JUNE 2023 AND JUNE 2024

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The Board of Directors
OKH Global Limited
171 Chin Swee Rd, #02-01,
Singapore 169877

5 December 2024

Independent Auditors' Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information Included in a Prospectus

We have completed our assurance engagement to report on the compilation of unaudited pro forma consolidated financial information OKH Global Ltd. (the "Company", and together with its subsidiaries, collectively, the "Group") (the "Circular") in connection with the proposed acquisition (the "Proposed Acquisition") by the Company of the entire issued and paid-up share capital of Chip Eng Seng Construction Pte. Ltd. (the "Target", and together with its subsidiaries, collectively, the "Target Group").

The unaudited pro forma consolidated financial information consists of unaudited pro forma consolidated statement of financial position for the year ended 30 June 2024, unaudited pro forma consolidated statement of comprehensive income for the years ended 30 June 2022, 2023 and 2024 of the Group and the Target Group ("collectively referred to as the "Enlarged Group"), and related notes as set out on pages 5-19 of the circular issued by the Company. The applicable criteria on the basis of which Directors of the Company have compiled the unaudited pro forma consolidated financial information are described in Note 5 of the unaudited pro forma consolidated financial information.

The unaudited pro forma consolidated financial information has been compiled by the Directors of the Company to illustrate the impact of the Proposed Acquisition based on the Criteria described in Note 5 to the unaudited pro forma financial information to show:

(a) The unaudited pro forma consolidated statements of comprehensive income of the Enlarged Group for the years ended 30 June 2022, 2023 and 2024 would have been if the Proposed Acquisition occurred on 1 July 2021; and

(b) The unaudited pro forma consolidated statements of financial position of the Enlarged Group as at 30 June 2024 would have been if the Proposed Acquisition occurred on 30 June 2024.

The dates on which the Proposed Acquisition described above are assumed to have been undertaken, are herein collectively referred to as the ("Relevant Dates")

As part of this process, information about the unaudited pro forma financial information in respect of the Group and the Target Group has been extracted by Directors of the Company from the following:

(a) Audited consolidated financial statements of the Group for the years ended 30 June 2022, 2023 and 2024, on which an audit report has been issued;

(b) Audited consolidated financial statements of the Target Group for the years ended 31 December 2021, 2022 and 2023, on which an audit report has been issued;

(c) Unaudited consolidated interim financial statements of Target Group for the six-months ended 30 June 2021, 2022, 2023 and 2024, on which a review report has been issued.

Directors' Responsibility for the Pro Forma Financial Information

The Directors of the Company are responsible for compiling the unaudited pro forma consolidated financial Information on the basis of the applicable criteria described in Note 5 of the unaudited pro forma consolidated financial information.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Singapore Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Auditor's responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, by the Directors of the Company on the basis as described in Note 5 of the unaudited pro forma consolidated financial information.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE)3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company has compiled, in all material respects, the unaudited pro forma consolidated financial information on the basis as described in Note 5 of the unaudited pro forma consolidated financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma consolidated financial information.

The purpose of unaudited pro forma consolidated financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at each of the Relevant Dates would have been as presented.

Reporting Auditor's responsibilities (cont'd)

A reasonable assurance engagement to report on whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by Directors of the Company in the compilation of the unaudited pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Auditor's judgment, having regard to the Reporting Auditor's understanding of the nature of the Company, the event or transaction in respect of which the unaudited pro forma consolidated financial information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the unaudited pro forma consolidated financial information of the Enlarged Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the unaudited pro forma consolidated financial information has been compiled:

(i) in a manner consistent with the accounting policies adopted by the Enlarged Group, which are in accordance with the Singapore Financial Reporting Standards; and

(ii) on the basis of the applicable criteria stated in Note 5 to the unaudited pro forma consolidated financial information is appropriate.

In our opinion, each material adjustment made to the information used in the preparation of the unaudited pro forma consolidated financial information is appropriate for the purpose of preparing such unaudited financial information.

This report has been prepared for inclusion in the Circular of the Group to be issued in connection with the Proposed Acquisition and should not be used for any other purpose.

Yours faithfully,

Ernst & Young LLP

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

OKH GLOBAL LTD. AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 30 JUNE 2022, 2023 AND 2024

	2024	**2023**	**2022**
	$'000	$'000	$'000
Revenue	527,920	589,703	556,508
Cost of sales	(502,074)	(557,302)	(507,885)
Gross profit	25,846	32,401	48,623
Other income	10,586	9,398	8,327
Other expenses	(2,440)	(2,506)	(28,024)
Loss allowance on trade and other receivables	–	–	(113)
General and administrative expenses	(42,678)	(34,339)	(32,117)
Finance costs	(5,202)	(6,370)	(5,472)
Share of results of joint venture and associates	–	(74)	(204)
Loss before tax	(13,888)	(1,490)	(8,980)
Income tax credit/(expense)	1,820	(1,249)	(1,699)
Loss for the year	(12,068)	(2,739)	(10,679)
Attributable to:			
Owner of the Company	(11,755)	(2,739)	(10,645)
Non-controlling interests	(313)	–	(34)
	(12,068)	(2,739)	(10,679)

OKH GLOBAL LTD. AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 30 JUNE 2022, 2023 AND 2024

	2024 $'000	**2023** $'000	**2022** $'000
Loss for the year	(12,068)	(2,739)	(10,679)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	(153)	(602)	(187)
Share of associate's other comprehensive loss	–	–	(1,004)
Reclassification of other comprehensive income on disposal of associates	–	–	3,836
Other comprehensive (loss)/income for the year	(153)	(602)	2,645
Total comprehensive loss for the year	(12,221)	(3,341)	(8,034)
Attributable to:			
Owner of the Company	(11,907)	(3,341)	(8,000)
Non-controlling interests	(314)	–	(34)
	(12,221)	(3,341)	(8,034)

OKH GLOBAL LTD. AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2024

	2024
	$'000
ASSETS	
Current assets	
Cash and bank balances	102,795
Inventories	6,950
Prepayments	2,273
Trade and other receivables	81,839
Contract assets	69,633
Non-current asset classified as held for sale	34,000
Total current assets	297,490
Non-current assets	
Property, plant and equipment	50,190
Intangible assets	10,784
Investment properties	77,500
Deferred tax assets	9,399
Trade and other receivables	503
Total non-current assets	148,376
Total assets	445,866
LIABILITIES AND EQUITY	
Current liabilities	
Loans and borrowings	68,322
Trade and other payables	90,447
Contract liabilities	36,318
Provisions	22,891
Lease liabilities	496
Other liabilities	50,461
Income tax payable	1,521
Total current liabilities	270,456
Net current assets	27,034

OKH GLOBAL LTD. AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2024

	2024 $'000
Non-current liabilities	
Loans and borrowings	11,539
Trade and other payables	26,193
Provisions	288
Lease liabilities	348
Loans due to a shareholder	2,000
Total non-current liabilities	40,368
Total liabilities	310,824
Net assets	135,042
Equity attributable to owners of the Company	
Share capital	146,464
Share premium	69,304
Contributed surplus	12,063
Translation reserve	(1,491)
Merger reserve	(42,276)
Accumulated losses	(48,628)
	135,436
Non-controlling interests	(394)
Total equity	135,042

These selective notes form an integral part of and should be read in conjunction with the accompanying unaudited pro forma consolidated financial information.

1. General

The unaudited pro forma consolidated financial information has been prepared for inclusion in the Circular to shareholders of OKH Global Ltd. (the "Company", and together with its subsidiaries, collectively, the "Group") (the "Circular") in connection with the proposed acquisition by the Company of the entire issued and paid-up share capital of Chip Eng Seng Construction Pte. Ltd. (the "Target", and together with its subsidiaries, collectively, the "Target Group").

As part of the proposed acquisition, the Company will acquire the issued and paid-up share capital of the Target. The enlarged group of companies comprising the Group and Target Group, following completion of the proposed acquisition, are collectively known as the "Enlarged Group".

2. Corporate information

The Company is a public limited liability company incorporated in Bermuda and listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The registered office and the principal place of business is located at Clarendon House, 2 Church Street, Hamilton HM11 Bermuda and 171 Chin Swee Road #02-01 CES Centre Singapore 169877 respectively. The principal activity of the Company is that of an investment holding company.

The principal activities of its subsidiaries, joint venture and associates in the Enlarged Group are disclosed in Note 4.

3. The Proposed Acquisition

On 4 December 2024, the Company entered into a conditional sale and purchase agreement (the "SPA") with (a) Acrophyte Pte. Ltd. ("APL") (formerly known as Chip Eng Seng Corporation Ltd.); (b) Mr. Chia Lee Meng Raymond; (c) Mr. Michael Tong Chiew; (d) Mr. Lin Daqi; and (e) Ms. Wong Tze Theng (collectively, the "Vendors", and each, a "Vendor") for the sale by the Vendors, and the purchase by the Company (the "Proposed Acquisition"), of 132,302,000 ordinary shares (the "Sale Shares") representing 100% of the issued and paid-up share capital of the Target in consideration for which the Company will allot and issue new shares in the Company (the "Shares") to the Vendors (the "Proposed Issuance", and together with the Proposed Acquisition, the "Proposed Transaction").

The consideration for the purchase of all the Sale Shares shall be S$118,548,000 (the "Initial Consideration"), subject to adjustment in accordance with the terms and conditions of the SPA (the "Consideration Adjustment", and the amount of consideration after any adjustment (if applicable), being the "Final Consideration").

3. The Proposed Acquisition (cont'd)

The Final Consideration will be satisfied by the Proposed Issuance of an aggregate of up to 2,257,197,258[1] Shares to the Vendors (the "Consideration Shares") at an issue price of S$0.05252 per Share (the "Issue Price"). The Issue Price is pegged to the net asset value per Share as at 30 June 2024.The number of Consideration Shares to be issued to each Vendor will be determined by dividing each Vendor's Relevant Consideration Portion[2] by the Issue Price, fractional entitlements to be disregarded.

4. The Enlarged Group

Composition of the Enlarged Group

Pursuant to the Proposed Acquisition, the Company will have the following interest:

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2024
Subsidiaries			
OKH Holdings Pte. Ltd. and its subsidiaries	Singapore	Construction services	100
OKH Loyang Pte. Ltd.	Singapore	Property development and investment properties	100
Chip Eng Seng Construction Pte. Ltd.	Singapore	Investment holding	100
Subsidiaries held by OKH Holdings Pte. Ltd.			
OKH Development Pte. Ltd.	Singapore	Dormant	100
OKH (Woodlands) Pte. Ltd.	Singapore	Property development and investment properties	100
Galaxia Development Pte. Ltd.	Singapore	Dormant	100
OKH Buroh Pte. Ltd.	Singapore	Property development and investment properties	100
Joint venture held by OKH Holdings Pte. Ltd.			
OKH DLRE JV Pte. Ltd.	Singapore	Dormant	50

1 Calculated by dividing the Initial Consideration by the Issue Price, and disregarding fractional entitlements.
2 "**Relevant Consideration Portion**" means, in relation to a Vendor, the product obtained by multiplying the Final Consideration by the approximate proportion of the total number of issued shares in the Target held by such Vendor.

4. The Enlarged Group (cont'd)

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2024
Subsidiaries held by Chip Eng Seng Construction Pte. Ltd.			
CES Building and Construction Pte. Ltd.	Singapore	General building and related services	100
CES Eco Solutions Pte. Ltd.	Singapore	Engineering design and consultancy services in energy management and clean energy systems	100
CES_INNOVFAB Pte. Ltd.	Singapore	Modular building construction (3D printing)	100
CES_SDC Pte. Ltd.	Singapore	Building construction and construction project management	100
CES_Salcon Pte. Ltd.	Singapore	Construction and supply of equipment for water and wastewater treatment plant	100
Chip Eng Seng Contractors (1988) Pte Ltd	Singapore	General building contractor	100
CES Engineering & Construction Pte. Ltd.	Singapore	General building contractor	100
CES-Precast Pte. Ltd.	Singapore	Manufacturing and trading of precast products	100
Eura Construction Supply Pte. Ltd.	Singapore	Wholesale of construction materials, hardware, plumbing and heating equipment and supplies	55
GRC Pacific Pte. Ltd.	Singapore	Investment holding	100
Subsidiaries held by Chip Eng Seng Construction Pte Ltd's subsidiaries			
CES-Precast Sdn. Bhd.	Malaysia	Manufacturing of precast concrete components	100
CES Salcon Sdn. Bhd.	Malaysia	Construction and supply of equipment for water and wastewater treatment plant	100
CES_Lodge Pte. Ltd.	Singapore	Acquisition of portable containers/structure to rent out as workers' dormitory and provision of related services	100

4. The Enlarged Group (cont'd)

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2024
Subsidiaries held by Chip Eng Seng Construction Pte Ltd's subsidiaries (cont'd)			
CESI (Myanmar) Company Limited	Myanmar	General building contractor and project management	100
PT CES Salcon International	Indonesia	Storage and distribution of raw water	100[1]
CES_Salcon Technologies Pte. Ltd.	Singapore	Process and industrial plant engineering design and consultancy services	100
Genswitch Solutions Private Limited	Singapore	Provision of electrical goods and services	28[2]
GRC Holdings (Australia) Pty Ltd	Australia	Investment holding	100
GRC Builders (Aus) Pty Ltd	Australia	Investment holding	100
GRC Buxton Pty Ltd	Australia	Building construction	80
Joint operations held by CES_SDC Pte. Ltd.			
Sinohydro - CES_SDC Joint Venture	Singapore	Building construction and construction project management	50
Hock Lian Seng Infrastructure - CES_SDC JV	Singapore	Provision of civil engineering works	40

(1) 99% held via CES_Salcon Pte. Ltd. and 1% held by the Target
(2) 51% held via 55%-owned subsidiary, Eura Construction Supply Pte. Ltd.

5. Basis of preparation of the unaudited pro forma consolidated financial information

The unaudited pro forma consolidated financial information refers to the consolidated financial information of the Enlarged Group.

The unaudited pro forma consolidated financial statements comprise the unaudited pro forma consolidated income statements for the years ended 30 June 2022, 2023 and 2024 and the unaudited consolidated statement of financial position as at 30 June 2024.

The unaudited pro forma consolidated income statements for the years ended 30 June 2022, 2023 and 2024 have been prepared on the assumption that the Enlarged Group structure had been in place on 1 July 2021.

The unaudited pro forma consolidated statement of financial position as at 30 June 2024 have been prepared on the assumption that the Enlarged Group structure had been in place on 30 June 2024.

The unaudited pro forma consolidated financial statements are for illustrative purposes only. The objective is to show what the historical financial information might have been had the Enlarged Group existed at an earlier date. However, the financial information of the Enlarged Group, by its nature may not give a true picture of the Enlarged Group's actual financial position and results and is not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained had the abovementioned Enlarged Group existed earlier.

In arriving at the unaudited pro forma consolidated financial information, adjustments have been made as considered necessary in order to present the financial statements on a consistent and comparable basis as if the Enlarged Group had been in existence through the period, or since the respective dates of incorporation or acquisition of the companies in the Enlarged Group, taking into consideration the following significant events.

The unaudited pro forma consolidated financial information for the years ended 30 June 2022, 2023 and 2024 have been compiled from the financial statements of the companies in the Enlarged Group.

(a) The consolidated financial statements of the Group for the financial ended 30 June 2022, 2023 and 2024 were audited by BDO LLP, Singapore. These financial statements were prepared in accordance with International Financial Reporting Standards (International) ("IFRSs").

(b) The consolidated financial statements of the Target Group for the financial years ended 31 December 2021, 2022 and 2023 were audited by Ernst and Young LLP, Singapore. These financial statements were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

5. Basis of preparation of the unaudited pro forma consolidated financial information (cont'd)

(c) The unaudited consolidated interim financial statements of Target Group for 6 months ended 30 June 2021, 2022, 2023 and 2024 were reviewed by Ernst and Young LLP, Singapore for the purpose of aligning the Target Group's financial information to the Enlarged Group's financial year end as at 30 June. These financial statements were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The auditor's report on the financial statements mentioned in (a) and (b) above was not subject to any qualification.

The unaudited pro forma consolidated financial statements have been prepared using uniform accounting policies, like transactions and other events in similar circumstances, as set out in respective financial statements in the Circular and taking into consideration the following:

(a) Proposed Acquisition – acquisition of the Target Group

The Proposed Acquisition as described in Note 3 is accounted for as a business combination involving entities under common control. The unaudited pro forma financial information of the Enlarged Group presented for the years ended 30 June 2022, 2023 and 2024 have been prepared based on the following:

- no adjustments are made to reflect the fair values on the date of combination, or recognise any new assets and liabilities;
- no goodwill is recognised as a result of the combination;
- any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve;
- the consolidated statement of comprehensive income reflects the full year results of the combining entities; and
- comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

6. Statement of adjustments

The following adjustments have been made in arriving at the unaudited pro forma consolidated financial information:

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the year ended 30 June 2022

	Summation of Financial Information of Enlarged Group before Adjustment $'000	**Pro Forma Adjustments for Enlarged Group** $'000	**Unaudited Pro Forma Consolidated Statement of Comprehensive Income** $'000
Revenue	556,508	–	556,508
Cost of sales	(507,885)	–	(507,885)
Gross profit	48,623	–	48,623
Other income	8,327	–	8,327
Other expenses	(28,024)	–	(28,024)
Loss allowance on trade and other receivables	(113)	–	(113)
General and administrative expenses	(32,117)	–	(32,117)
Finance costs	(5,472)	–	(5,472)
Share of results of joint venture and associates	(204)	–	(204)
Loss before tax	(8,980)	–	(8,980)
Income tax expense	(1,699)	–	(1,699)
Loss for the year	(10,679)	–	(10,679)
Attributable to:			
Owner of the Company	(10,645)	–	(10,645)
Non-controlling interests	(34)	–	(34)
	(10,679)	–	(10,679)

6. Statement of adjustments (cont'd)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the year ended 30 June 2022 (cont'd)

	Summation of Financial Information of Enlarged Group before Adjustment $'000	**Pro Forma Adjustments for Enlarged Group** $'000	**Unaudited Pro Forma Consolidated Statement of Comprehensive Income** $'000
Loss for the year	(10,679)	–	(10,679)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	(187)	–	(187)
Share of associate's other comprehensive loss	(1,004)	–	(1,004)
Reclassification of other comprehensive income on disposal of associates	3,836	–	3,836
Other comprehensive income for the year	2,645	–	2,645
Total comprehensive loss for the year	(8,034)	–	(8,034)
Attributable to:			
Owner of the Company	(8,000)	–	(8,000)
Non-controlling interests	(34)	–	(34)
	(8,034)	–	(8,034)

6. Statement of adjustments (cont'd)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the year ended 30 June 2023

	Summation of Financial Information of Enlarged Group before Adjustment $'000	Pro Forma Adjustments for Enlarged Group $'000	Unaudited Pro Forma Consolidated Statement of Comprehensive Income $'000
Revenue	589,703	–	589,703
Cost of sales	(557,302)	–	(557,302)
Gross profit	32,401	–	32,401
Other income	9,398	–	9,398
Other expenses	(2,506)	–	(2,506)
General and administrative expenses	(34,394)	55	(34,339)
Finance costs	(6,379)	9	(6,370)
Share of results of joint venture and associates	(74)	–	(74)
Loss before tax	(1,554)	64	(1,490)
Income tax expense	(1,249)	–	(1,249)
Loss for the year	(2,803)	64	(2,739)
Attributable to:			
Owner of the Company	(2,803)	64	(2,739)
Non-controlling interests	–	–	–
	(2,803)	64	(2,739)

6. Statement of adjustments (cont'd)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the year ended 30 June 2023 (cont'd)

	Summation of Financial Information of Enlarged Group before Adjustment $'000	**Pro Forma Adjustments for Enlarged Group** $'000	**Unaudited Pro Forma Consolidated Statement of Comprehensive Income** $'000
Loss for the year	(2,803)	64	(2,739)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	(602)	–	(602)
Other comprehensive loss for the year	(602)	–	(602)
Total comprehensive loss for the year	(3,405)	64	(3,341)
Attributable to:			
Owner of the Company	(3,405)	64	(3,341)
Non-controlling interests	–	–	–
	(3,405)	64	(3,341)

6. Statement of adjustments (cont'd)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the year ended 30 June 2024

	Summation of Financial Information of Enlarged Group before Adjustment $'000	Pro Forma Adjustments for Enlarged Group $'000	Unaudited Pro Forma Consolidated Statement of Comprehensive Income $'000
Revenue	529,618	(1,698)	527,920
Cost of sales	(502,074)	–	(502,074)
Gross profit	27,544	(1,698)	25,846
Other income	10,586	–	10,586
Other expenses	(2,440)	–	(2,440)
General and administrative expenses	(43,975)	1,297	(42,678)
Finance costs	(5,430)	228	(5,202)
Loss before tax	(13,715)	(173)	(13,888)
Income tax credit	1,820	–	1,820
Loss for the year	(11,895)	(173)	(12,068)
Attributable to:			
Owner of the Company	(11,582)	(173)	(11,755)
Non-controlling interests	(313)	–	(313)
	(11,895)	(173)	(12,068)

6. Statement of adjustments (cont'd)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the year ended 30 June 2024 (cont'd)

	Summation of Financial Information of Enlarged Group before Adjustment $'000	**Pro Forma Adjustments for Enlarged Group** $'000	**Unaudited Pro Forma Consolidated Statement of Comprehensive Income** $'000
Loss for the year	(11,895)	(173)	(12,068)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	(153)	–	(153)
Other comprehensive loss for the year	(153)	–	(153)
Total comprehensive loss for the year	(12,048)	(173)	(12,221)
Attributable to:			
Owner of the Company	(11,734)	(173)	(11,907)
Non-controlling interests	(314)	–	(314)
	(12,048)	(173)	(12,221)

6. Statement of adjustments (cont'd)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 30 June 2024

	Summation of Financial Information of Enlarged Group before Adjustment $'000	Pro Forma Adjustments for Enlarged Group $'000	Unaudited Pro Forma Consolidated Statement of Financial Position $'000
ASSETS			
Current assets			
Cash and bank balances	102,795	–	102,795
Inventories	6,950	–	6,950
Prepayments	2,766	(493)	2,273
Trade and other receivables	82,037	(198)	81,839
Contract assets	69,633	–	69,633
Non-current asset classified as held for sale	34,000	–	34,000
Total current assets	298,181	(691)	297,490
Non-current assets			
Property, plant and equipment	54,131	(3,941)	50,190
Intangible assets	10,784	–	10,784
Investment properties	77,500	–	77,500
Deferred tax assets	9,399	–	9,399
Trade and other receivables	503	–	503
Total non-current assets	152,317	(3,941)	148,376
Total assets	450,498	(4,632)	445,866
LIABILITIES AND EQUITY			
Current liabilities			
Loans and borrowings	68,322	–	68,322
Trade and other payables	91,137	(690)	90,447
Contract liabilities	36,318	–	36,318
Provisions	22,891	–	22,891
Lease liabilities	2,272	(1,776)	496
Other liabilities	49,958	503	50,461
Income tax payable	1,521	–	1,521
Total current liabilities	272,419	(1,963)	270,456
Net current assets	25,762	1,272	27,034

6. Statement of adjustments (cont'd)

Unaudited Pro Forma Consolidated Statement of Financial Position as at 30 June 2024 (cont'd)

	Summation of Financial Information of Enlarged Group before Adjustment $'000	Pro Forma Adjustments for Enlarged Group $'000	Unaudited Pro Forma Consolidated Statement of Financial Position $'000
Non-current liabilities			
Loans and borrowings	11,539	–	11,539
Trade and other payables	26,193	–	26,193
Provisions	726	(438)	288
Lease liabilities	2,469	(2,121)	348
Loans due to a shareholder	2,000	–	2,000
Total non-current liabilities	42,927	(2,559)	40,368
Total liabilities	315,346	(4,522)	310,824
Net assets	135,152	(110)	135,042
Equity attributable to owners of the Company			
Share capital	155,138	(8,674)	146,464
Share premium	69,304	–	69,304
Contributed surplus	12,063	–	12,063
Translation reserve	(2,380)	889	(1,491)
Merger reserve	17,916	(60,192)	(42,276)
Accumulated losses	(116,495)	67,867	(48,628)
	135,546	(110)	135,436
Non-controlling interests	(394)	–	(394)
Total equity	135,152	(110)	135,042

6. Statement of adjustments (cont'd)

Details of Pro Forma adjustments for Enlarged Group made are as follows:

(i) Being adjustments to eliminate the lease from OKH (Woodlands) Pte. Ltd. to the Target Group.

(ii) Being adjustments to reflect the acquisition of the Target Group.

(iii) Being adjustment on accrual of the estimated professional expenses relating to the Proposed Acquisition.

NOTICE OF SPECIAL GENERAL MEETING

OKH GLOBAL LTD.

(Incorporated in Bermuda)
(Company Registration Number: 35479)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting ("**SGM**") of OKH Global Ltd. (the "**Company**") will be convened and held at Furama City Centre, Ballroom 1, Level 5, 60 Eu Tong Sen Street, Singapore 059804 on 3 April 2025 at 2:00 p.m., for the purpose of considering and, if thought fit, passing (with or without any modifications) the following resolutions.

All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the Company's circular to Shareholders dated 11 March 2025 (the "**Circular**"), unless otherwise defined herein or where the context otherwise requires.

ORDINARY RESOLUTION 1: PROPOSED ACQUISITION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 2 relating to the Proposed Issuance and Ordinary Resolution 3 relating to the Whitewash Resolution:

(a) approval be and is hereby given for the proposed acquisition by the Company of the entire issued and paid-up share capital of Chip Eng Seng Construction Pte. Ltd. on the terms and conditions of the conditional sale and purchase agreement (the "**SPA**") dated 4 December 2024 entered into between Acrophyte Pte. Ltd., Mr. Chia Lee Meng Raymond, Mr. Michael Tong Chiew, Mr. Lin Daqi and Ms. Wong Tze Theng (collectively, the "**Vendors**") and the Company (as amended, modified or supplemented from time to time) (the "**Proposed Acquisition**");

(b) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Acquisition; and

(c) the directors of the Company ("**Directors**") and/or any one of them be and are hereby severally authorised and directed to do all acts and things necessary or expedient or in the interests of the Company (including executing any agreements, deeds, forms, instruments and documents) as the Directors or any one of them may deem fit, to give effect to the Proposed Acquisition as contemplated in this resolution.

ORDINARY RESOLUTION 2: PROPOSED ISSUANCE

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Acquisition and Ordinary Resolution 3 relating to the Whitewash Resolution:

(a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of up to 2,257,197,258 ordinary shares of par value US$0.01 each in the share capital of the Company to the Vendors at an issue price of S$0.05252 per Share (the "**Proposed Issuance**") as consideration for the Proposed Acquisition on the terms and conditions of the SPA; and

(b) the Directors and/or any one of them be and are hereby severally authorised and directed to do all acts and things necessary or expedient or in the interests of the Company (including executing any agreements, deeds, forms, instruments and documents) as the Directors or any one of them may deem fit, to give effect to the Proposed Issuance as contemplated in this resolution.

ORDINARY RESOLUTION 3: PROPOSED WHITEWASH RESOLUTION

RESOLVED THAT subject to and contingent upon (a) the passing of Ordinary Resolution 1 relating to the Proposed Acquisition and Ordinary Resolution 2 relating to the Proposed Issuance and (b) the conditions in the letter from the Securities Industry Council dated 19 November 2024 being fulfilled, the Independent Shareholders (Whitewash) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Concert Party Group under Rule 14 of the Code for all the Shares not already owned, controlled or agreed to be acquired by the Concert Party Group upon Completion, at the highest price paid by the Concert Party Group for the Shares in the six (6) months preceding the commencement of the mandatory general offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code as a result of the Proposed Issuance.

ORDINARY RESOLUTION 4: PROPOSED APPOINTMENT OF MR. CHIA LEE MENG RAYMOND AS DIRECTOR UPON COMPLETION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Acquisition, Ordinary Resolution 2 relating to the Proposed Issuance, Ordinary Resolution 3 relating to the Whitewash Resolution, and Completion, Mr. Chia Lee Meng Raymond be and is hereby appointed as a Director of the Company with effect from Completion, to hold office in accordance with the Bye-laws.

ORDINARY RESOLUTION 5: PROPOSED APPOINTMENT OF MR. MICHAEL TONG CHIEW AS DIRECTOR UPON COMPLETION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Acquisition, Ordinary Resolution 2 relating to the Proposed Issuance, Ordinary Resolution 3 relating to the Whitewash Resolution, and Completion, Mr. Michael Tong Chiew be and is hereby appointed as a Director of the Company with effect from Completion, to hold office in accordance with the Bye-laws.

ORDINARY RESOLUTION 6: PROPOSED APPOINTMENT OF MR. TANG JIALIN AS DIRECTOR UPON COMPLETION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Acquisition, Ordinary Resolution 2 relating to the Proposed Issuance, Ordinary Resolution 3 relating to the Whitewash Resolution, and Completion, Mr. Tang Jialin be and is hereby appointed as a Director of the Company with effect from Completion, to hold office in accordance with the Bye-laws.

ORDINARY RESOLUTION 7: PROPOSED APPOINTMENT OF MR. ABDUL JABBAR BIN KARAM DIN AS DIRECTOR UPON COMPLETION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Acquisition, Ordinary Resolution 2 relating to the Proposed Issuance, Ordinary Resolution 3 relating to the Whitewash Resolution, and Completion, Mr. Abdul Jabbar Bin Karam Din be and is hereby appointed as a Director of the Company with effect from Completion, to hold office in accordance with the Bye-laws.

ORDINARY RESOLUTION 8: PROPOSED APPOINTMENT OF PROF. LOW TECK SENG AS DIRECTOR UPON COMPLETION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Acquisition, Ordinary Resolution 2 relating to the Proposed Issuance, Ordinary Resolution 3 relating to the Whitewash Resolution, and Completion, Prof. Low Teck Seng be and is hereby appointed as a Director of the Company with effect from Completion, to hold office in accordance with the Bye-laws.

ORDINARY RESOLUTION 9: PROPOSED APPOINTMENT OF DR. NEO BOON SIONG AS DIRECTOR UPON COMPLETION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Acquisition, Ordinary Resolution 2 relating to the Proposed Issuance, Ordinary Resolution 3 relating to the Whitewash Resolution, and Completion, Dr. Neo Boon Siong be and is hereby appointed as a Director of the Company with effect from Completion, to hold office in accordance with the Bye-laws.

ORDINARY RESOLUTION 10: PROPOSED APPOINTMENT OF MR. SHNG YUNN CHINN AS DIRECTOR UPON COMPLETION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Acquisition, Ordinary Resolution 2 relating to the Proposed Issuance, Ordinary Resolution 3 relating to the Whitewash Resolution, and Completion, Mr. Shng Yunn Chinn be and is hereby appointed as a Director of the Company with effect from Completion, to hold office in accordance with the Bye-laws.

ORDINARY RESOLUTION 11: PROPOSED CHANGE OF AUDITOR OF THE COMPANY FROM BDO LLP TO ERNST & YOUNG LLP

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Acquisition, Ordinary Resolution 2 relating to the Proposed Issuance, Ordinary Resolution 3 relating to the Whitewash Resolution, and Completion:

(a) the resignation of BDO LLP as Auditor of the Company with effect from Completion be and is hereby noted and accepted, and that Ernst & Young LLP, having consented to act as auditors, be and is hereby appointed as Auditor of the Company with effect from Completion and to hold office until the conclusion of the next annual general meeting of the Company at such remuneration and on such terms to be determined by the Directors (the "**Change of Auditor**"); and

(b) the Directors and/or any one of them be and are hereby severally authorised and directed to do all acts and things necessary or expedient or in the interests of the Company (including executing any agreements, deeds, forms, instruments and documents) as the Directors and/or any one of them may deem fit, to give effect to the Change of Auditor as contemplated in this resolution.

SPECIAL RESOLUTION 1: PROPOSED CHANGE OF NAME OF THE COMPANY FROM "OKH GLOBAL LTD." TO "GRC LIMITED"

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Acquisition, Ordinary Resolution 2 relating to the Proposed Issuance, Ordinary Resolution 3 relating to the Whitewash Resolution, and subject to Completion taking place and the Company having obtained the approval of the Registrar of Companies in Bermuda:

(a) the name of the Company be changed from "OKH Global Ltd." to "GRC Limited" and approval be and is hereby given for the substitution of the name "GRC Limited" for "OKH Global Ltd." wherever the latter name appears in the memorandum of association and the Bye-laws; and

(b) the Directors and/or any one of them be and are hereby severally authorised and directed to do all acts and things necessary or expedient or in the interests of the Company (including executing any documents and making any filings with the Registrar of Companies in Bermuda) as the Directors and/or any one of them may deem fit, to give effect to the change of name of the Company contemplated by this resolution.

By Order of the Board

Loo Shi Yi
Company Secretary
11 March 2025

Notes:

(1) This SGM is being convened, and will be held, in a wholly physical format at Furama City Centre, Ballroom 1, Level 5, 60 Eu Tong Sen Street, Singapore 059804 on 3 April 2025 at 2:00 p.m..

(2) If a member wishes to submit questions related to the resolutions tabled for approval at the SGM prior to the SGM, all questions must be submitted by no later than 2:00 p.m. on 18 March 2025, being at least seven (7) calendar days after the publication of the Notice of SGM, through email to admin@okh.com.sg and provide the following particulars, for verification purpose:

(a) full name as it appears on his/her/its CDP records;

(b) NRIC/Passport/UEN number;

(c) contact number and email address; and

(d) the manner in which you hold in the Company (e.g. via CDP).

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

Alternatively, members may also ask questions during the SGM.

(3) The Company will endeavour to address all substantial and relevant questions received from shareholders by 2:00 p.m. on 30 March 2025, being not less than 48 hours before the closing date and time for the lodgement of the proxy form, via SGXNet and the Company's website. The Company will also address any subsequent clarifications sought or follow up questions during the SGM in respect of substantial and relevant matters. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions will be individually addressed. The responses from the Board and the Management of the Company shall thereafter be published on (a) the SGXNet at the URL https://www.sgx.com/securities/company-announcements; and (b) the Company's website at the URL https://www.okh.com.sg, together with the minutes of the SGM, within one (1) month after the conclusion of the SGM. The minutes will include the responses to substantial and relevant questions received from shareholders which are addressed during the SGM.

(4) Shareholders (whether individual or corporate) appointing the Chairman of the SGM as proxy must give specific instructions as to their manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

(5) The proxy form, together with the letter or power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must be submitted to the Company's Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road, #20-01 City House, Singapore 068877 by 2:00 p.m. on 1 April 2025 (being 48 hours before the time fixed for the SGM).

(6) A proxy need not be a member of the Company.

(7) The instrument appointing the proxy, proxies or the Chairman of the SGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the proxy, proxies or the Chairman of the SGM as proxy is executed by a corporation, it must be executed either under its seal, or under the hand of an attorney or an officer duly authorised in writing. Where the instrument appointing the proxy, proxies or the Chairman of the SGM as proxy is executed by an attorney on behalf of the appointor, the power of attorney (or other authority) or a duly certified copy thereof must be lodged with the instrument of proxy.

(8) The Company shall be entitled to reject the instrument appointing the proxy, proxies or the Chairman of the SGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy, proxies or the Chairman of the SGM as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the proxy, proxies or the Chairman of the SGM as proxy lodged if the Depositor, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the SGM, as certified by The Central Depository (Pte) Limited to the Company.

(9) Any reference to a time of day in this Notice of SGM is made by reference to Singapore time.

(10) **Personal Data Privacy:**

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

APPENDIX F

INFORMATION RELATING TO THE PROPOSED NEW DIRECTORS

Pursuant to Rule 720(6) of the Listing Manual, the information relating to the Proposed New Directors (who are to be appointed under Ordinary Resolutions 4, 5, 6, 7, 8, 9 and 10 as set out in the Notice of SGM) as set out in Appendix 7.4.1 of the Listing Manual is set out below:

The information below is to be read in conjunction with the information disclosed in paragraphs 12.5, 12.7, 12.8 and 17.2 of this Circular.

Name	Chia Lee Meng Raymond	Michael Tong Chiew	Tang Jialin	Abdul Jabbar Bin Karam Din	Low Teck Seng	Neo Boon Siong	Shng Yunn Chinn
Date of Appointment	Subject to the approval by the Shareholders, with effect from the Completion Date						
Date of last re-appointment (if applicable)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Age	59	56	29	56	70	68	52
Country of principal residence	Singapore	Hong Kong	Singapore	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board	The Board having considered (i) the recommendation of the Nominating Committee; and	The Board having considered (i) the recommendation of the Nominating Committee; and (ii) MTC's qualifications and experience, is of	The Board having considered (i) the recommendation of the Nominating Committee; and (ii) Mr. Tang Jialin's qualifications and experience, is of	The Board having considered (i) the recommendation of the Nominating Committee; and	The Board having considered (i) the recommendation of the Nominating Committee; and	The Board having considered (i) the recommendation of the Nominating Committee; and	The Board having considered (i) the recommendation of the Nominating Committee; and (ii) Mr. Shng Yunn Chinn's qualifications and

diversity considerations, and the search and nomination process).	(ii) RC's qualifications and experience, is of the view that RC has the requisite experience and capabilities to assume the responsibilities of Non-Executive and Non-Independent Chairman of the Company.	the view that Mr. Michael Tong Chiew has the requisite experience and capabilities to assume the responsibilities of Non-Executive and Non-Independent Director of the Company.	the view that Mr. Tang Jialin has the requisite experience and capabilities to assume the responsibilities of Non-Executive and Non-Independent Director of the Company.	(ii) Mr. Abdul Jabbar Bin Karam Din's qualifications and experience, is of the view that Mr. Abdul Jabbar Bin Karam Din has the requisite experience and capabilities to assume the responsibilities of Lead Independent Director of the Company.	(ii) Prof. Low Teck Seng's qualifications and experience, is of the view that Prof. Low Teck Seng has the requisite experience and capabilities to assume the responsibilities of Independent Director of the Company.	(ii) Dr. Neo Boon Siong's qualifications and experience, is of the view that Dr. Neo Boon Siong has the requisite experience and capabilities to assume the responsibilities of Independent Director of the Company.	experience, is of the view that Mr. Shng Yunn Chinn has the requisite experience and capabilities to assume the responsibilities of Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive.	Non-Executive.	Non-Executive.	Non-Executive.	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Non-Independent Chairman	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Lead Independent Director	Independent Director	Independent Director	Independent Director

Professional qualifications	Please refer to the information on business and working experience, educational and professional qualifications of each of the Proposed New Directors set out in paragraph 12.5 of this Circular.						
Working experience and occupation(s) during the past 10 years							
Shareholding interest in the listed issuer and its subsidiaries	Nil. However, following Completion, RC will hold up to 270,859,576 ordinary shares in the Company (direct interest).	Nil However, following Completion, MTC will hold up to 225,716,314 ordinary shares in the Company (direct interest).	Nil	Nil	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing	Please refer to the disclosures in relation to each of the Proposed New Directors set out in paragraph 12.5 of this Circular.						

executive officer, the Company and/or Substantial Shareholder of the Company or of any of its principal subsidiaries							
Conflict of interest (including any competing business)	RC also holds directorships in APL, various subsidiaries of APL and various entities within the SingHaiyi Group. Should any conflict arise, he will abstain from voting on the matter or declare such conflict of interest before voting on the matter.	Nil	Mr. Tang Jialin also holds directorships in various subsidiaries of APL and various entities within the SingHaiyi Group. Should any conflict arise, he will abstain from voting on the matter or declare such conflict of interest before voting on the matter.	Nil	Nil	Nil	Nil

Undertaking (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1) of the Listing Manual has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other Principal Commitments [56]	Please refer to the information on business and working experience, educational and professional qualifications of each of the Proposed New Directors set out in paragraph 12.5 of this Circular.						
Other Directorships for the past 5 years	Please refer to the disclosures in relation to each of the Proposed New Directors set out in paragraph 17.2 of this Circular.						
Other Present Directorships							
Any prior experience as a director of an issuer	Yes. Please refer to the disclosures in relation to RC	No. MTC will be attending training on the roles and	No. Mr. Tang Jialin will be attending training on the	Yes. Please refer to the disclosures in relation to Mr.	Yes. Please refer to the disclosures in relation to	Yes. Please refer to the disclosures in relation to Dr.	No. Mr. Shng Yunn Chinn will be attending training

56 The term "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

listed on the SGX-ST? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo	set out in paragraph 12.5 of this Circular.	responsibilities of a director of a listed issuer as prescribed by the SGX-ST.	roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.	Abdul Jabbar Bin Karam Din set out in paragraph 12.5 of this Circular.	Prof. Low Teck Seng set out in paragraph 12.5 of this Circular.	Neo Boon Siong set out in paragraph 12.5 of this Circular.	on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.

training as prescribed by the SGX-ST (if applicable).							

Save as disclosed in this Circular, none of the Proposed New Directors (with the exception of (a) Prof. Low Teck Seng, who was an independent board member of Singapore Post Limited ("**SPL**") from 8 October 2010 to 20 July 2017; on 4 May 2017, the SGX-ST reprimanded SPL for breaches of Rule 703(4)(a) of the Listing Manual read with Paragraph 25(a) of Appendix 7.1 of the Listing Manual, for failing to accurately disclose, Mr. Keith Tay Ah Kee's (who was SPL's then independent director) interest in the announcement made by SPL on 18 July 2014 relating to the acquisition of F.S. Mackenzie Limited and breaches of Rule 719(1) of the Listing Manual for lack of robust internal controls; and (b) Dr. Neo Boon Siong, who was an independent director of OCBC Bank from 1 January 2005 to 31 December 2013; on 14 October 2008, the SIC found that, in relation to the withdrawal of the conditional cash offer by Asia Pacific Links Ltd for Jade Technologies Holdings Limited, where OCBC Bank had acted as the financial adviser to Asia Pacific Links Ltd until it had resigned on 2 April 2008, OCBC Bank (i) had not acted responsibly nor taken all reasonable steps to assure itself that sufficient cash was available to Dr. Anthony Soh Guan Cheow to satisfy full acceptance of such conditional cash offer and was therefore in breach of the standard of care required under Rules 3.5 and 23.8 of the Code; and (ii) had not met the standard of care required under Rule 8.2 of the Code in relation to Asia Pacific Links Ltd's disclosure of its interest in shares in Jade Technologies Holdings Limited under the Global Master Securities Lending Agreement in the offer announcement and the offer document pursuant to Rules 3.5(c) and 23.3(c) of the Code) has:

(a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years after the date he ceased to be a partner;

(b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years after the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

(c) any unsatisfied judgment against him;

(d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

(f) at any time during the last 10 years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

  (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

  (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

  (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(k) ever been the subject of any current or past investigation or disciplinary proceedings, or been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

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APPENDIX G

FURTHER INFORMATION ON THE TARGET GROUP

1. Further Information on the Target Group and its Businesses

This section provides further information relating to the completed and ongoing projects for each of the Target Group's business divisions.

(a) Building Construction

Completed Projects

Some of the Target Group's major projects in this business segment that have been completed in the last five (5) years as at the Latest Practicable Date are as follows:

<table>
<tr><th>Project Name</th><th>Description</th><th>Contract Value (S$'million)</th><th>Year of Completion</th></tr>
<tr><td>The Florence Residences</td><td>Defect works for nine (9) blocks of 18-storey residential buildings</td><td>28.3</td><td>2024</td></tr>
<tr><td>Precinct A: Yishun Ring Road/Avenue 5 Blocks 101, 103 & 106</td><td rowspan="3">Design and build of upgrading projects</td><td rowspan="3">18.9</td><td rowspan="3">2021</td></tr>
<tr><td>Precinct B: Yishun Ring Road/Street 61 Blocks 613 to 622 & 624 to 631</td></tr>
<tr><td>Precinct C: Yishun Street 61 Blocks 632 to 641, 633A, 636A, 637A & 640A</td></tr>
<tr><td>Grandeur Park Residences at Bedok South Avenue 3</td><td>720-unit condominium with two (2) retail outlets</td><td>144.5</td><td>2020</td></tr>
</table>

Ongoing Projects

Some of the Target Group's major projects in this business segment that are ongoing as at the Latest Practicable Date are as follows:

Project Name	Description	Project Owner	Contract Value (S$' million)	Year of Commencement of Project	Expected Year of Completion
Toa Payoh Bidadari Contract 6 & 7	Construction of 16 blocks of residential buildings comprising 1,594 HDB flats	HDB	196.3	2016	2022*
Toa Payoh Bidadari Contract 8 & 9	Construction of eight (8) blocks of residential buildings comprising 1,000 HDB flats	HDB	117.5	2017	2023*
Sengkang Neighbourhood 4 Contract 39 & 40	Design and build public housing contract	HDB	175.0	2018	2021*
Parc Komo and Komo Shoppes at Upper Changi Road North	Parc Komo: Condominium with 276 residential units Komo Shoppes: Commercial component which will comprise two (2) storeys (28 strata units)	CEL Real Estate Development Pte. Ltd.	88.1	2019	2024*
Tampines Neighbourhood 8 Contract 31	Building works of six (6) blocks of residential buildings, connecting linkways and link bridges, a multistorey car park, precinct pavilions, a roof garden and a childcare centre	HDB	105.0	2020	2022*
Design and Build of Upgrading Projects for	Upgrading projects for two (2)	HDB	32.2	2020	2024*

Project Name	Description	Project Owner	Contract Value (S$' million)	Year of Commencement of Project	Expected Year of Completion
G29G	precincts at Yishun Ring Road and one (1) precinct at Yishun Street 61				
Pasir Ris Neighbourhood 5 Contract 26 & 27	Construction of 10 blocks, with a single-storey car park, single-storey commercial facilities, two (2) precinct pavilions, three (3) electrical substations and communal facilities	HDB	239.3	2021	2025
Hougang Neighbourhood 2 Contract 11	Building works in Hougang Neighbourhood, including building a community club and a park	HDB	169.4	2022	2026
Tengah Brickland Contract 2	Building works at Tengah Brickland and Common Green	HDB	411.1	2023	2027
Ulu Pandan C1, C2 & Park	Building works at Ulu Pandan Contract 1, Contract 2 and Park	HDB	605.7	2024	2029

Project Name	Description	Project Owner	Contract Value (S$' million)	Year of Commencement of Project	Expected Year of Completion
Woodlands Neighbourhood 1 Contract 25	Construction of three (3) blocks of 25/30-storey and two (2) blocks of 26/30-storey residential buildings comprising 1,246 HDB flats	HDB	175.8	2021	2023*
Design and Build of Upgrading Projects for G33C	Upgrading projects at Choa Chu Kang Avenue 1, Choa Chu Kang Central, Fajar Road/Bukit Panjang Ring Road & contingency works	HDB	36.8	2025	2026
Design and Build of Upgrading Projects for G34B	Upgrading projects at Compassvale Walk, Ang Mo Kio Street 11/21/31/ Avenue 4, Woodlands Drive 70/Avenue 6, Woodlands Ring Road and contingency works	HDB	33.2	2025	2026
Yishun Neighbourhood 5 Contract 9 & 10	Building Works at Yishun Neighbourhood 5 Contract 9 & 10 and contingency works	HDB	287.7	2025	2028

**Pending receipt of certificate of final completion*

(b) **Building Construction in Australia**

Ongoing Projects

Some of the Target Group's major projects in this business segment that are ongoing as at the Latest Practicable Date are as follows:

Project Name	Description	Project Owner	Contract Value (AUD 'million)	Year of Commencement of Project	Expected Year of Completion
Redevelopment of Fairway Bayside Aged Care Facility	Redevelopment of existing operational aged care facility with 24-bed extension. One (1) storey structure with one (1) basement level and conventional steel framed roof	Fairway Bayside Aged Care Limited	18.9	2024	2025
Monash Student Accommodation	Redevelopment of Monash Student Accommodation. The new facility will include a basement carpark, five (5) levels of student accommodation and common area facilities	Born Free Property 2 Pty Ltd	22.2[(1)]	2024[(1)]	2025
8 Egan Street	Construction of a social housing development consisting of three (3) levels of basement and nine (9) levels of apartments	Housing Choices Australia Limited	35.7	2024	2026
The Eastern Golf Club Rebuild	Reconstruction of the clubhouse building, including associated infrastructure works	The Eastern Golf Club	20.5	2024	2025

Notes:

(1) The Monash Student Accommodation contract was a construction contract novated by Buxton Construction (Vic) Pty Ltd ("**BCV**") to GRC Buxton in April 2024 after GRC Buxton had been incorporated and set up. The contract value refers to the remaining contract sum at the time of BCV's novation of this contract to GRC Buxton.

(c) **Civil Infrastructure**

Completed Projects

Some of the Target Group's major projects in this business segment that have been completed in the last five (5) years as at the Latest Practicable Date are as follows:

Project Name	Description	Contract Value (S$'million)	Year of Completion
Contract C22A	Changi Water Reclamation Plant Phase 2 – Foundation Works for Train 5	73.6	2023

Ongoing Projects

Some of the Target Group's major projects in this business segment that are ongoing as at the Latest Practicable Date are as follows:

Project Name	Description	Project Owner	Contract Value (S$'million)	Year of Commencement of Project	Expected Year of Completion
Contract T227[1]	Construction of Marina South Station and tunnels for Thomson-East Coast Line	LTA	239.2	2014	2022*
CAG Package 2[2]	Development of Changi East to effect three (3) runway operations at Singapore Changi Airport – Package 2	Changi Airport Group	440.0	2016	2024*
Contract J107	Design and construction of Gek Poh Station, Tawas Station and viaduct for Jurong Region Line	LTA	231.1	2020	2026
Tuas Water Reclamation Plant Contract 4A – Biosolids and Digesters	Construction of biosolids treatment (Part 1) and biogas handling facilities (Part 2)	PUB	449.2	2020	2028

Contract P102[3]	Design and construction of Elias Station and tunnels for Cross Island Line – Punggol Extension	LTA	562.5	2023	2031
Contract CCKWW	Contract 1 – Civil and external sewer works for reconstruction of Choa Chu Kang Waterworks (Part I: Construction Works and Part II: Post Construction Environmental Monitoring Services)	PUB	157.7	2024	2028
Contract C6A	Construction of Tuas Water Reclamation Plant Contract 6A – Administration and Operations Buildings and two (2) years' maintenance service	PUB	88.5	2024	2028

**Pending receipt of certificate of final completion*

Notes:

(1) This is a joint venture project between CES_SDC and Sinohydro Corporation Limited (Singapore Branch), in which CES_SDC has a 50.00% interest.

(2) This is a joint venture project between CES_SDC and Hock Lian Seng Infrastructure Pte. Ltd., in which CES_SDC has a 40.00% interest.

(3) This is a joint venture project between CES_SDC and CES Contractors, both of which are wholly-owned subsidiaries of the Target.

(d) Environmental and Sustainability

Completed Projects

Some of the Target Group's major projects in this business segment that have been completed in the last five (5) years as at the Latest Practicable Date are as follows:

Project Name	Description	Contract Value (S$'million)	Year of Completion
Yanbu (Sepco)	General contracting for engineering, procurement and construction for Saudi Yanbu 3 Power Plant:	5.2	2023

Project Name	Description	Contract Value (S$'million)	Year of Completion
	(a) 7,800 m³/day demineralised water treatment plant consisting of four (4) mixed bed exchangers (b) 130 m³/day sewage water treatment plant (biological treatment) (c) 480 m³/day chemical waste treatment plant consisting of clarifier, filters, sludge thickening and dewatering, and chemical dosing		
Tanjung Jati B Coal-Fired Power Plant Re-Expansion Unit 5 & 6	50,160 m³/day for each Condensate Polishing unit with common External Regeneration System	6.2	2024
Central Java Raw WTP (BV)	(a) 1,500 m³/day demineralised water treatment plant (b) 6,000 m³/day seawater RO membrane system	19.8	2024
Tangguh WT, Sani, CPI (CSTS)	Requisition for water treatment package, sanitary treatment package, and corrugated plate interceptor	5.2	2024

<u>Ongoing Projects</u>

Some of the Target Group's major projects in this business segment that are ongoing as at the Latest Practicable Date are as follows:

Project Name	Description	Project Owner	Contract Value (S$'million)	Year of Commencement of Project	Expected Year of Completion
Central Java WWTP (BV)	(a) 2,544 m³/day Clarifier, Thickener, Gravity Filter, Chemical Dosing, Centrifuge, Ammonia Removal System, Transfer Pump	Black and Veatch	19.5	2016	2025

Project Name	Description	Project Owner	Contract Value (S$'million)	Year of Commencement of Project	Expected Year of Completion
	(b) 2,496 m³/day Clarifier, Thickener, Gravity Filter, Chemical Dosing, Transfer Pump (c) 768 m³/day Clarifier, Thickener, Gravity Filter, Chemical Dosing, Transfer Pump				
Cirebon2 Coal-Fired Power Plant	3 x 23,436 m³/day High Pressure Condensate Polishing Plant with External Regeneration System 72m³/day Ammonia Removal System (Pre-treatment, Air Stripper, Catalytic Oxidation)	Toshiba Energy Systems & Solution Corporation	7.0	2018	2024*
Matabari Ultra Supercritical Coal-Fired Power Plant, 2 x 600MW	Condensate polisher unit x three (3) trains	Toshiba Energy Systems & Solution Corporation	8.3	2019	2025
Matabari Ultra Supercritical Coal-Fired Power Plant, 2 x 600MW	Desalination, demineralised & remineralised and wastewater treatment plant	Toshiba Plant Systems & Services Corporation	29.7	2019	2026
King Salman International Complex for Maritime Industries - Sepco IWWTP	Industrial wastewater treatment plant	Sepco Arabia Company	18.7	2021	2025

Project Name	Description	Project Owner	Contract Value (S$'million)	Year of Commencement of Project	Expected Year of Completion
Van Phong 1 600MW Coal-fired Power Plant	Catalytic oxidation for removal of ammonia	Toshiba Plant Systems & Services Corporation	5.5	2021	2025
Intel Pelican Industrial Wastewater Plant	Supply, installation, testing and commissioning of wastewater treatment systems	Exyte Malaysia Sdn. Bhd.	81.9	2022	2025
Tuas Water Reclamation Plant, Contract 4B(1)	Design and Construction of Digestion Pre-treatment and Sidestream Nitrogen Removal Facilities, including operations and maintenance services	PUB	126.9	2023	2028

**Pending receipt of certificate of final completion*

Notes:

(1) This is a joint venture project between CES_Salcon and CES_SDC, both of which are wholly-owned subsidiaries of the Target.

(e) **Prefabrication Technology**

Precast

CES Precast and CES-Precast Sdn. Bhd. produce their precast and PPVC components primarily at the following two (2) locations:

(i) a 538,196 square feet precast plant in Johor Bahru, Malaysia (the "**Senai Plant**"). The Senai Plant was set up in 2010; and

(ii) an industrial facility in Tech Park Crescent, Singapore (the "**Tech Park Crescent Facility**"), which has a gross floor area of approximately 85,764 square feet. The Tech Park Crescent Facility was acquired in September 2020 to complement the Senai Plant, in order to bolster CES Precast's capacity to produce precast and PPVC building components to meet the growing demand for such components.

The Target Group's precast entities' increased production capabilities will correspondingly increase its capacity to tender for a greater volume of public sector projects of larger scale, supply more precast and PPVC components to the Target Group's building and infrastructure construction businesses, and undertake additional projects for other main contractors of building and infrastructure projects.

3D Printing

3D printing is a dynamic construction method as it allows more complex components to be designed and fabricated without the need for traditional methods or tools. 3D printing relies heavily on machines for the production of the components, which facilitates quality control. At the same time, there is reduced reliance on manual labour as well as reduced health and safety risks. Other advantages include the reduction of wastage and the control of construction noise. As 3D printing can be closely interfaced with conventional and precast construction methods, it is complementary to the Target Group's suite of construction capabilities. Going forward, 3D printing technology will be a more efficient construction method. In addition, utilising 3D printing will also allow the Target Group to hedge its risks associated with manpower shortages in the construction industry.

Completed Projects

Some of the Target Group's major projects in this business segment that have been completed in the last five (5) years as at the Latest Practicable Date are as follows:

Project Name	Description	Contract Value (S$'million)	Year of Completion
Toa Payoh Bidadari Contract 6 & 7	Supply of precast concrete components and prefabricated bathroom units	22.8	2019
Grandeur Park Residences(1)	Supply of precast concrete components and prefabricated bathroom units	9.5	2019
Tampines Neighbourhood 8 Contract 31	Supply of precast concrete components and prefabricated bathroom units	13.3	2023
T301 Construction of 4-in-1 Rail and Bus Depot and Reception Tunnels for Thomson-East Coast Line Bus and Rail Depot	Supply of precast concrete components	66.2	2024

Notes:

(1) This is a joint venture project between CES Precast and Jin Cheng Engineering and Construction Pte. Ltd., in which CES Precast has a 55.00% interest.

Ongoing Projects

Some of the Target Group's major projects in this business segment that are ongoing as at the Latest Practicable Date are as follows:

Project Name	Description	Project Owner	Contract Value (S$'million)	Year of Commencement of Project	Expected Year of Completion
Sengkang Neighbourhood 4 Contract 22 & 23	Supply of precast concrete components and prefabricated bathroom units	Expand Construction Pte Ltd	35.5	2019	2023*
Punggol East Contract 48	Supply of precast concrete components and prefabricated bathroom units	Expand Construction Pte Ltd	10.4	2020	2023*
Pasir Ris Neighbourhood 5 Contract 26 & 27	Supply of prefabricated bathroom units	CES Contractors	6.2	2021	2024*
Geylang Contract 13	Supply of precast concrete components and prefabricated bathroom units	Hi-Tek Construction Pte. Ltd.	21.6	2022	2024*
Hougang Neighbourhood 2 Contract 11	Supply of precast concrete components and prefabricated bathroom units	CES E&C	14.9	2022	2025
Ghim Moh Contract 8-8A	Supply of precast concrete components	Chiu Teng Construction Co. Pte. Ltd.	20.1	2023	2026
Ang Mo Kio Neighbourhood 8 Contract 38A	Supply of precast concrete components and prefabricated bathroom units	Hi-Tek Construction Pte. Ltd.	29.8	2023	2025

Tengah Brickland C2	Supply of precast concrete components	CES E&C	24.4	2024	2025
Chong Pang Integrated Development	Supply of precast concrete components	Jin Cheng Pte. Ltd.	5.1	2024	2025
Kallang Whampoa Contract 69	Supply of precast concrete components	Trust-build Engineering & Construction Pte. Ltd.	9.4	2025	2026

**Pending receipt of certificate of final completion*

(f) **Procurement**

The entry into this business segment is in line with the Target Group's strategic plans to augment its construction businesses. In recent years, the Target Group has been expanding its construction capabilities so that it can participate and compete in a broader range of construction tender projects and which are of larger scale and/or higher value. The procurement of supplies and materials is part and parcel of construction projects and setting up a procurement business unit is a complementary addition to the Target Group's business. By being able to procure construction-related supplies and materials within efficient timeframes and at competitive prices and qualities, there will be cost-savings within the Target Group whilst also maximising revenue streams.

2. Target's Subsidiaries

Details of the Target's subsidiaries as at the Latest Practicable Date are set out in the table below:

Target Group subsidiary	Principal activities	Effective equity held by the Target
Building Construction		
Chip Eng Seng Contractors (1988) Pte Ltd	General building contractor	100.00%
CES Engineering & Construction Pte. Ltd.	General building contractor	100.00%
CES Building and Construction Pte. Ltd.	General building and related services	100.00%
Building Construction in Australia		
GRC Pacific Pte. Ltd.	Investment holding	100.00%
GRC Holdings (Australia) Pty Ltd	Investment holding	100.00%(1)
GRC Builders (Aus) Pty Ltd	Investment holding	100.00%(2)

Target Group subsidiary	Principal activities	Effective equity held by the Target
GRC Buxton Pty Ltd	General building contractor	80.00%[(3)]
Civil Infrastructure		
CES_SDC Pte. Ltd.	Building construction and construction project management	100.00%
CESI (Myanmar) Company Limited[(4)]	General building contractor and project management	100.00%[(5)]
Prefabrication Technology		
CES-Precast Pte. Ltd.	Manufacturing and trading of precast products	100.00%
CES-Precast Sdn. Bhd.	Manufacturing of precast concrete components	100.00%[(6)]
CES_INNOVFAB Pte. Ltd.	Modular building construction (3D printing)	100.00%
Environmental and Sustainability		
CES_Salcon Pte. Ltd.	Construction and supply of equipment for water and wastewater treatment plant	100.00%
CES_Salcon Technologies Pte. Ltd.	Process and industrial plant engineering design and consultancy services	100.00%[(7)]
CES Salcon Sdn. Bhd.	Construction of utility projects; purification and distribution of water for water supply purposes; and assembly and erection of prefabricated constructions onsite	100.00%[(7)]
PT CES Salcon International	Treatment, storage and distribution of raw water	100.00%[(8)]
CES Eco Solutions Pte. Ltd.	Engineering design and consultancy services in energy management and clean energy systems	100.00%
Procurement		
Eura Construction Supply Pte. Ltd.	Wholesale of construction materials, hardware, plumbing and heating equipment and supplies	55.00%[(9)]
Genswitch Solutions Private Limited	Provision of electrical goods and services	28.05%[(10)]
Sanitus Building Supplies Pte Ltd	Distribution of bathroom hardware and tiles	28.05%[(11)]
Others		

Target Group subsidiary	Principal activities	Effective equity held by the Target
CES_Lodge Pte. Ltd.[(12)]	Acquisition of portable containers / structures to rent out as workers' dormitories and provision of related services	100.00%[(13)]

Notes:

(1) Held via GRC Pacific Pte. Ltd.

(2) Held via GRC Holdings (Australia) Pty Ltd

(3) 80.00% held via GRC Builders (Aus) Pty Ltd and 20.00% held by three (3) unrelated third parties

(4) Under liquidation

(5) Held via CES_SDC

(6) Held via CES Precast

(7) Held via CES_Salcon

(8) 99.00% held via CES_Salcon and 1.00% held by the Target

(9) The remaining 45.00% of the issued and paid-up share capital of Eura is held by an unrelated third party, Inception Materials Pte. Ltd.

(10) 51.00% held by Eura and 49.00% held by an unrelated third party, Redfuse Electric Private Limited

(11) 51.00% held by Eura, 20.00% held by an employee of the Target Group's affiliate, while the remaining 29.00% is held by the Target Group's joint venture partner, Sanitus Building Materials Ltd and one (1) of Sanitus' employees

(12) Dormant

(13) Held via CES_SDC

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