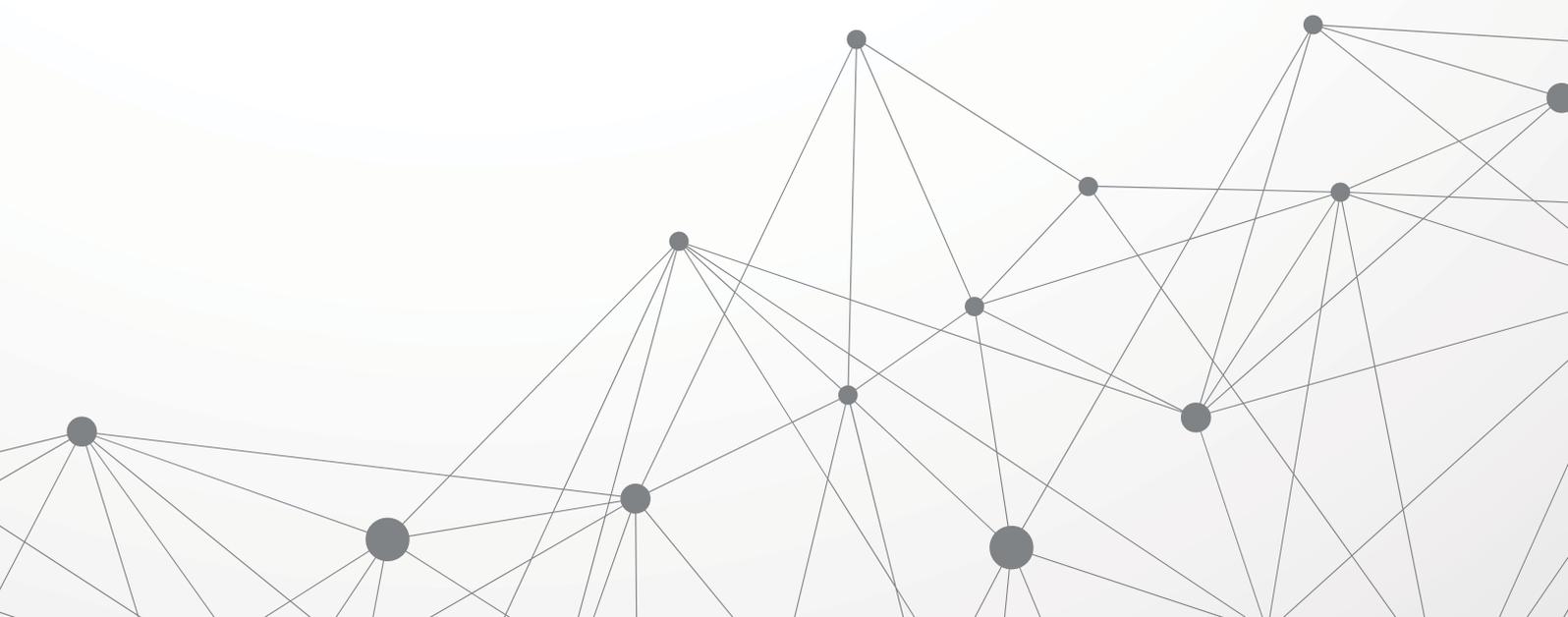
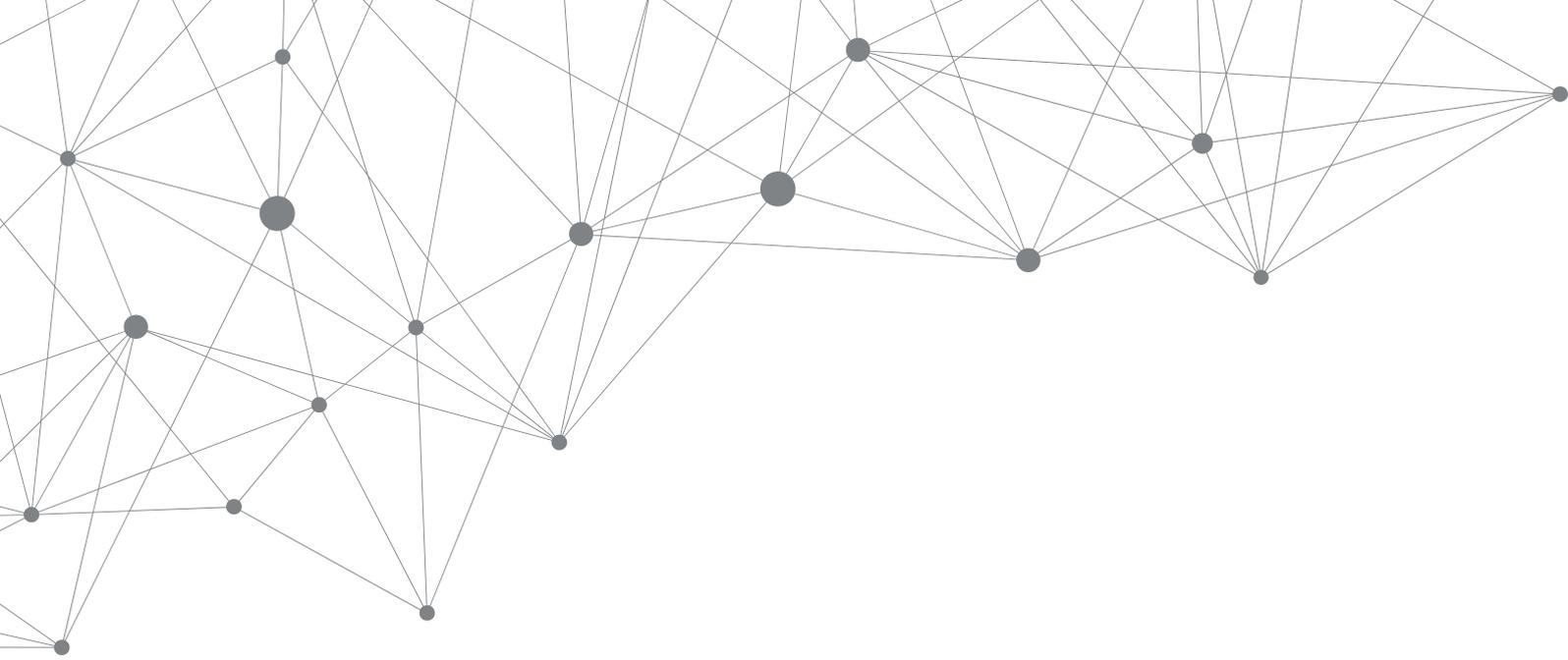


ANNUAL REPORT 2021

# GROWTH THROUGH SYNERGY





## CONTENTS

Page		12	Key Management Team
01	Mission Statement	13	Sustainability Report
02	Chairman & CEO's Message	22	Corporate Governance
04	Business Overview	43	Financial Contents
06	Performance Review	106	Statistics of Shareholdings
07	Five-Year Financial Summary	108	Appendix – Proposed Renewal of the Share Buyback Mandate
08	Corporate Structure	128	Notice of Annual General Meeting
09	Corporate Profile		Proxy Form – AGM
11	Board Members		Corporate Information

This annual report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)

 **MISSION STATEMENT**

**OUR MISSION STATEMENT** applies regardless of business units. We strive to achieve our mission by adhering to our core values of commitment, integrity and professionalism – factors necessary for success and the attainment of excellence.

## CHAIRMAN & CEO'S MESSAGE

### DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present our annual report for the financial year ended 31 December 2021 (“**FY2021**”).

2021 was a difficult year for the construction industry. Koyo International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) have been working hard to overcome the manpower and operational challenges arising from the Covid-19 pandemic. These challenges were further compounded by rising manpower costs which placed a heavy weight on the Group’s performance. The Group’s performance was seriously affected during the year and resulted in a negative performance with a net loss of \$0.9 million for FY2021.

### FINANCIAL REVIEW

Total revenue for FY2021 was \$28.0 million, a 58.3% increase as compared to that for the financial year ended 31 December 2020 (“**FY2020**”). Net loss was \$0.9 million, as compared to profit before tax of \$1.3 million in FY2020. The increase in total revenue was mainly due to the Group on-going projects arising from the mechanical engineering and the electrical engineering segments. The increase in cost of sales was due to higher cost for subcontractors’ services and higher cost of employing foreign workers due to the Covid-19 pandemic where the Government has implemented measures to restrict the inflow of foreign workers from overseas. In addition, the implementation of safe management measures on sites also increased the worksite operating costs. Other operating expenses increased to \$1.1 million in the current financial year, from FY2020, taking into account the provision of additional cost for completing the onerous contracts.

Despite the tough environment, as a result of our prudent management of the projects, careful costs and cash flow management, the Group was able to maintain a healthy balance of its cash and cash equivalents amounting to \$13.3 million as at 31 December 2021. Our sound financial position will allow the Group to ride out of the headwinds.

### DIVIDEND

In view of this challenging business environment, no dividend has been recommended for FY2021 to conserve the Group’s cash resources for upcoming projects.

### SHARE BUYBACK AND EMPLOYEE SHARE OPTION SCHEME

The Company did not purchase any of its own shares during FY2021. The Koyo International Share Option Scheme 2011 has expired and the Group does not intend to set up a new scheme in the near future.

### OUTLOOK

The Group believes that the outlook for the construction sector will be challenging for 2022 in view of the continued uncertainties in the external environment and negative economic outlook in Singapore and major economies around the world impacted by COVID-19. All of these constraints make tenders far more competitive and profitability far lesser than were the cases previously.

Nevertheless, despite the strong headwinds, we believe that our proven track record and reputation, sound financial position, experienced professional management team, and secured pipeline of projects, will allow the Group to be well-positioned to ride out these difficulties.

### CORPORATE DEVELOPMENTS

In December 2021, we were awarded a contract with a contract sum of approximately S\$8.8 million for 36 months commencing in January 2022. With this contract, the Group has contracts on hand that are collectively valued at approximately \$138.7 million. These are multi-year contracts with completion dates ranging from financial years 2022 to 2026. In addition to the already secured contracts, the Group will also regularly tender for new projects and follow up on opportunities. The Group will continue to explore opportunities for revenue or profit accretive acquisitions, and innovative practices to improve productivity and revenue. However, given the challenging economic environment in the construction sector and the COVID-19 pandemic, the Group does not anticipate the manpower shortage to ease up and will take into account these higher costs in securing its projects going forward.

In June 2021, we have accepted an offer from Jurong Town Corporation (“**JTC**”) for a further term lease of 20 years from 1 October 2026 of the leasehold estate at 4 Kwong Min Road Singapore 628707.

## CHAIRMAN & CEO'S MESSAGE



### CHANGE IN BOARD COMPOSITION

Ms Serena Lee Chooi Li had advised the Board of her intention to retire as Independent Director at the Group's upcoming AGM. On behalf of the Board, we thank her for her valued advice and contributions to the Group, Ms Serena Lee has been an Independent Director and Chairman of Remuneration Committee since 2007. Ms Serena Lee is also currently a member of the Audit Committee and Nominating Committee.

At the same time, the Board will continue its search for a new Independent Director to comply with the requirements of the provision 2.3, 4.2, 6.2, 10.2 of the Corporate Governance Code and the Catalist Rules 704 (7).

### APPRECIATION

Once again, we would like to express our appreciation and thanks to the members of the Board for their continuous guidance and invaluable contributions.

Lastly, we would also like to thank our valued shareholders, customers, suppliers and sub-contractors for their continued loyalty and support. Our heartfelt appreciation also goes to management and all staff for their commitment to the Group.

### **WONG LOKE TAN**

Independent Non-Executive Chairman

### **FOO SUAY WEI**

Managing Director and Chief Executive Officer

11 April 2022

## BUSINESS OVERVIEW

Koyo International Limited (the “**Company**” or “**Koyo**”) has been listed on the Catalist of the SGX-ST since 2009 (the “**Listing**”). Since our Listing, Koyo is always actively reviewing its businesses in search of new opportunities and markets with the aim of focusing on high value products and services with long term potential to complement its growth. Currently, the principal activities of Koyo and its subsidiaries (collectively, the “**Koyo Group**” or the “**Group**”) can be broadly categorised into five core business segments. These include the 1) provision of mechanical and electrical (“**M&E**”) engineering services; 2) supply of renewable energy and green products for building services; 3) property development and construction; 4) supply of construction materials and ancillary services related to it; and 5) the business of investments. In the financial year ended 31 December 2021 (“**FY2021**”), the Group focused on M&E engineering services and business of investments as other activities were not significant in FY2021, but we intend to expand our scope to include the Group’s other businesses in the future.

### PROVISION OF MECHANICAL AND ELECTRICAL ENGINEERING SERVICES

We offer a total solutions package which involves design, integration, build, implementation, test, commission and maintenance for our customers. This includes designing and installing of high and low-voltage electrical distribution systems, air conditioning and mechanical ventilation systems as well as fire protection systems. We also provide maintenance, repair and replacement services for commercial buildings, hotels, schools and libraries in Singapore. Our engineering designs and installation work are applicable to clients in the construction, marine, oil and gas, industrial and pharmaceutical industries. At Koyo, we aim to provide value to all customers by anticipating their every needs and problems. This will allow us to provide to our customers the best engineering solutions at the highest attainable standards, commensurating with the project requirements and budget.

### RENEWABLE ENERGY AND GREEN PRODUCTS

Koyo focuses on integrating environmental engineering and clean technologies for industries. We do so by providing an innovative, practical, and total solution to our clients in order for them to promote a sustainable environment and achieve greater energy efficiency.

We possess the necessary competitive strengths needed to differentiate ourselves. We offer a full suite of clean technologies ranging from large scale solar heat collector arrays, hot water storage tanks, high-temperature heat pumps, phase change materials, non-chemical water treatment, and liquid desiccant systems. We are also able

to provide a vast array of services such as design-and-build, execution, and facilities management. Koyo will always strive to provide the most effective clean technology products to suit our customers’ needs.

### PROPERTY DEVELOPMENT

In 2014, Koyo obtained shareholders’ approval for expanding its business to include property development and construction, property management and property investment in order to expand its geographical scope to include countries outside of Singapore and participate in the growth prospects of the property industries in those countries. Doing so will allow the group to leverage on its existing core business, diversify its risks, and provide a new income stream.

### SUPPLY OF CONSTRUCTION MATERIALS

Koyo engages in the supply of construction materials related business which includes the procurement, supply and importation of essential construction materials including but not limited to reclamation sand, construction sand, armour rock, granite and other aggregates. As part of the business of supplying construction materials, we will also engage in the ownership, acquisition and operation of mines and concession to produce and process construction materials, including but not limited to sand and granite. We will also offer a series of services such as chartering, operation and management of sea going vessels, as well as provision of marine transportation, logistics and support services, including but not limited to stevedoring and dredging services. In 2015, shareholders’ approval was obtained for the diversification of the Group’s business to include, *inter alia*, the business of supply of construction materials.

### BUSINESS OF INVESTMENTS

In 2021, the Group has obtained shareholders’ approval for expanding its business to include the business of investments (including but not limited to purchase, acquisition, disposal or such other dealings) by the Group into:

- a. any investment funds, portfolio companies, instruments or products offered and/or managed by asset and/or fund management companies licensed or regulated in Singapore or overseas;
- b. any investments in securities of companies with growth potential which may include equity, convertible securities and instruments such as bonds, notes or funds;
- c. any long-term investments (including but not limited to stocks and index funds);
- d. any short-term investments (including but not limited to money market funds, certificates of deposit and short-term bonds); and/or
- e. any other alternative investments.

## BUSINESS OVERVIEW



A summary of Koyo's products and services is as follows:

### A. M&E SERVICES

#### (1) INTEGRATED M&E ENGINEERING

- Air-conditioning and Mechanical Ventilation
- Plumbing and Sanitary Installation
- Fire Prevention and Protection System
- Integrated Monitoring and Control Systems
- High Tension Electrical Distribution Systems
- Low Tension Electrical Distribution Systems
- Communications and Security Systems
- Facility Management

#### (2) INDUSTRIAL ENGINEERING

##### ■ Design, Integration and Implementation of:

- Waste Treatment Plant
- Dust Collector (Environmental Control) System
- Mechanical Handling System (incl. Container Cranes)
- Production Conveyors
- Industrial Machines and Pipe Work
- Cleanroom (Class 10 – 100,000)
- Energy Saving Systems
- Environmental Management Systems

#### (3) OIL, GAS AND MARINE ENGINEERING

##### ■ Provision of:

- Stainless Steel Piping and Ducting work
- Equipment Installation
- Electronics & Control Instrumentation Systems
- Heat Ventilation Airconditioning Systems

### B. RENEWABLE ENERGY AND GREEN PRODUCTS

#### (1) SOLAR WATER HEATING

- Solar heat collector arrays
- Pressurised/Non-pressurised hot water storage tanks
- High-temperature heat pumps

#### (2) NON-CHEMICAL WATER TREATMENT SYSTEM

- Electrostatic water treatment

#### (3) THERMAL ENERGY

- Phase Change materials

#### (4) DEHUMIDIFICATION AND AIR-CONDITIONING

- Liquid desiccant system
- Regenerator
- Conditioner
- Degassing system with pneumatic expansion tank
- Condensate water collection system

### C. PROPERTY DEVELOPMENT AND CONSTRUCTION

- Residential buildings
- Commercial buildings
- Hotels

### D. SUPPLY OF CONSTRUCTION MATERIALS AND SERVICES

- Reclamation sand
- Construction sand
- Armour rock
- Granite and other aggregates
- Stevedoring/Dredging/Shipping
- Ownership/Acquisition of mines and concessions
- Chartering
- Marine transportation
- Logistic and support service

### E. BUSINESS OF INVESTMENTS

## PERFORMANCE REVIEW



### REVENUE

Koyo recorded a revenue of approximately S\$28.0 million for FY2021, a 58.3% increase from the financial year ended 31 December 2020 (“**FY2020**”), mainly due to the Group’s on-going projects arising from the mechanical engineering and the electrical engineering segments.

### COST OF SALES

Gross profit increased to approximately S\$5.8 million in FY2021 as compared to FY2020, mainly due to an increase in gross profit contributed by the mechanical engineering segment offset by a decrease in gross profit in the electrical engineering segment. In line with the increased revenue, cost of sales increased by 84.6% to approximately S\$22.3 million for FY2021. This increase in cost of sales was due to higher cost for subcontractors’ services and higher cost of employing foreign workers due to the Covid-19 pandemic where the government has implemented measures to restrict the inflow of foreign workers from overseas. In addition, the implementation of safe management measures on sites also increased the worksite operating costs.

### GROSS PROFIT MARGIN

Koyo’s gross profit margin reduced by 11.3% to approximately 20.6% in FY2021. The decrease was mainly due to an increase in gross profit margin from the mechanical engineering and facilities management segments offset by gross loss margin derived from the electrical engineering segment. The decrease in gross profit margin for electrical engineering segment is attributable to the manpower shortage as majority of these projects had started amidst the Covid-19 outbreak in comparison to the projects in the mechanical engineering and facilities management segments which were not as heavily impacted by the manpower shortage as most of these projects had commenced prior to the Covid-19 outbreak and hence there had been existing manpower.

### LOSS BEFORE TAX

The Group recorded a pre-tax loss of S\$998,000 in FY2021. This was in line with the increase in cost of sales and other operating expenses.

### BALANCE SHEET

The Group declared cash and bank balances of S\$13.3 million and total assets of S\$31.8 million against total liabilities of S\$10.1 million as at 31 December 2021. Our net asset value per share stood at 11.46 cents as at 31 December 2021, an increase of 0.48 cents from 31 December 2020, notwithstanding that the basic loss per share increased to 0.48 cents in FY2021 from FY2020.

Trade and other receivables and contract assets increased by S\$3.0 million or 40.3% to S\$10.6 million as at 31 December 2021 due to advance payment for subcontractors/suppliers. Trade receivables turnover days increased from 42 days in FY2020 to 46 days as at the end of FY2021.

Property, plant and equipment increased by 78.5% to approximately S\$7.0 million as at 31 December 2021, mainly due to the revaluation of leasehold property at fair value, and an increase in purchase of machineries, purchase of a motor vehicle and an increase in right-of-use assets, offset by increase in depreciation expenses on PPE.

Trade and other payables and contract liabilities decreased by approximately S\$513,000. However, the provision for onerous contract increased by approximately S\$828,000 due to additional cost for completing the onerous contract.

## FIVE-YEAR FINANCIAL SUMMARY

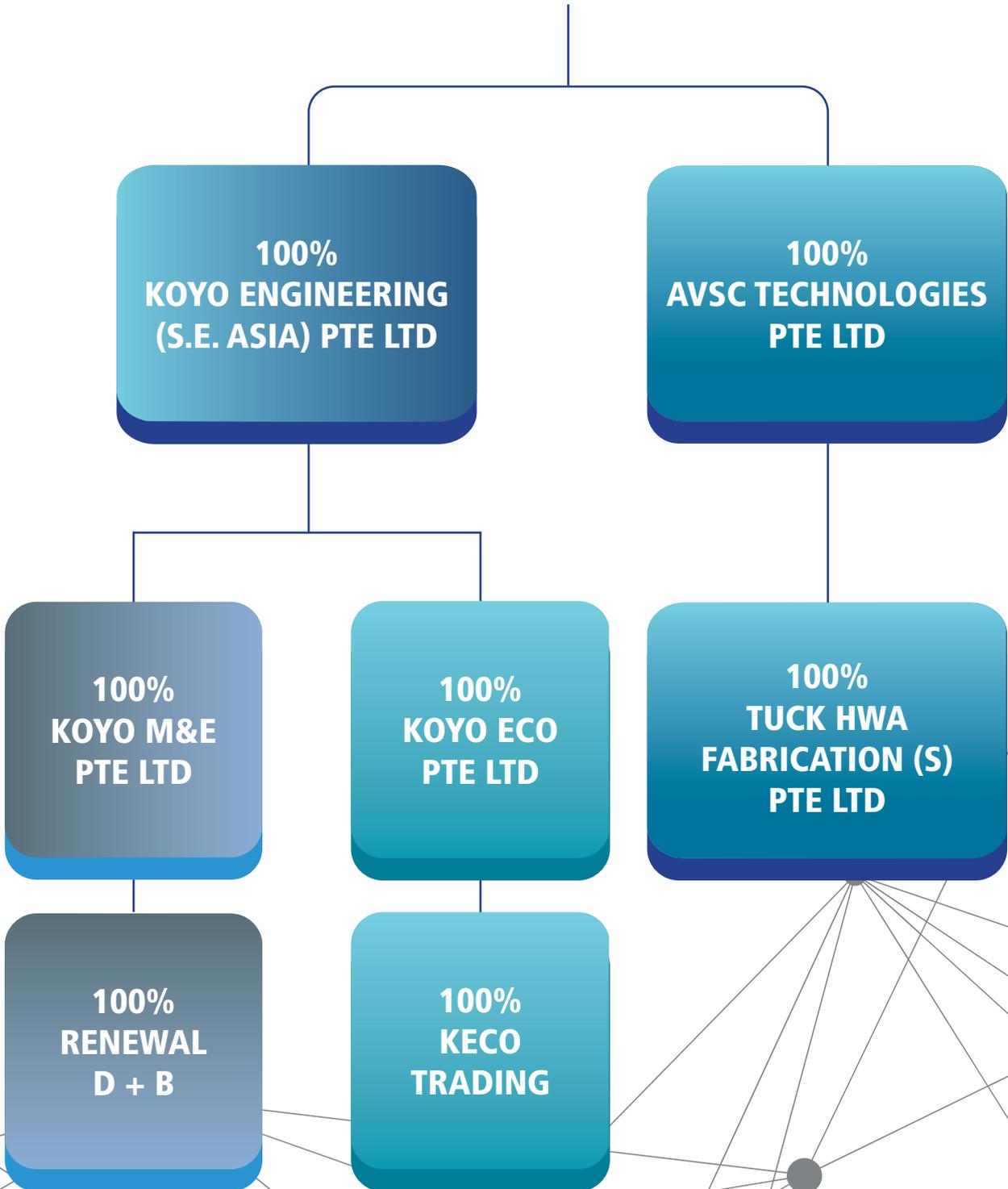
	2021 S\$'000	2020 S\$'000 (Restated) [Note 30]	2019 S\$'000	2018 S\$'000	2017 S\$'000
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>					
Revenue	28,043	17,709	19,903	23,820	15,825
Profit/(loss) before income tax	(998)	1,306	459	1,336	719
Profit/(loss) attributable to equity holders of the Company	(903)	1,269	390	1,161	690
<b>Consolidated Statement of Financial Position</b>					
Property, plant and equipment	7,034	3,940	881	709	360
Cash and bank balances	13,323	17,763	23,505	20,838	17,567
Other assets	11,465	7,582	3,274	4,928	6,735
<b>Total assets</b>	<b>31,822</b>	<b>29,285</b>	<b>27,660</b>	<b>26,475</b>	<b>24,662</b>
Total borrowings	2,081	812	209	145	70
Other liabilities	7,985	7,630	7,683	6,758	6,011
<b>Total liabilities</b>	<b>10,066</b>	<b>8,442</b>	<b>7,892</b>	<b>6,903</b>	<b>6,081</b>
<b>Net assets</b>	<b>21,756</b>	<b>20,843</b>	<b>19,768</b>	<b>19,572</b>	<b>18,581</b>
Share capital	4,477	4,477	4,477	4,477	4,449
Treasury shares	(630)	(630)	(630)	(630)	(630)
Other reserves	1,646	(265)	(261)	(257)	(186)
Retained profit	16,263	17,261	16,182	15,982	14,948
<b>Shareholders' equity</b>	<b>21,756</b>	<b>20,843</b>	<b>19,768</b>	<b>19,572</b>	<b>18,581</b>

<b>Ratios</b>					
<b>Profit/(Loss) attributable to equity holders of the Company as a percentage of:</b>					
Total revenue	-3.22%	7.17%	1.96%	4.87%	4.36%
Average shareholders' equity (Note 1)	-4.24%	6.25%	1.98%	6.09%	3.77%
<b>Per share:</b>					
Profit/(Loss) attributable to the equity holders of the Company (Note 2)	-0.48¢	0.67¢	0.21¢	0.61¢	0.36¢
Net asset value of the Group (Note 3)	11.46¢	10.98¢	10.41¢	10.31¢	9.81¢
<b>Dividends paid and/or proposed (Note 4)</b>					
Final dividend	0.00¢	0.05¢	0.10¢	0.10¢	0.10¢

**Notes:**

- (1) Average shareholders' equity is computed based on the average of shareholders' equity as at the end of the current and previous financial year.
- (2) Earnings per share (basic) is computed based on the weighted average number of ordinary shares outstanding during the year.
- (3) Net asset value per share is computed by dividing the shareholders' equity by the number of ordinary shares in issue at each year end.
- (4) Please refer to Note 22 of the Notes to the Financial Statements for the treatment of the proposed dividend in the accounts. No dividend is recommended for FY2021 for the Group to conserve cash resources for upcoming projects.

# CORPORATE STRUCTURE



## CORPORATE PROFILE



Koyo Group consists of the holding company Koyo International Limited, and its directly wholly owned subsidiaries Koyo Engineering (S.E.Asia) Pte. Ltd. ("**Koyo Engineering**") and AVSC Technologies Pte. Ltd. ("**AVSC Technologies**"). Its three wholly owned indirect subsidiaries are Koyo M&E Pte. Ltd. ("**Koyo M&E**"), Koyo Eco Pte. Ltd. ("**Koyo Eco**") and Tuck Hwa Fabrication (S) Pte. Ltd. ("**Tuck Hwa**"). Two sole proprietors, Renewal D+B and Keco Trading are wholly owned by Koyo M&E Pte. Ltd. and Koyo Eco Pte. Ltd. respectively.

### **KOYO ENGINEERING**

Koyo Engineering is one of the leading home-grown M&E engineering specialist service provider and provides quality service to a wide range of diverse customers. Koyo Engineering has an extensive track record in project management and implementation of M&E services for industrial, commercial and residential buildings which include retrofitting works, alteration & addition works, new installation works, replacement works; design, integration and implementation of industrial engineering services; oil, gas and marine engineering services and facilities management.

By offering a full suite of M&E services, customers can have a vast array of services to choose from. Such services range from integrated, design-and-build, execution and maintenance

to facilities management services. Today, Koyo Engineering serves customers from all industries, including those in the construction, marine, oil and gas, industrial and pharmaceutical industries as well as the public sector.

With Building and Construction Authority ("**BCA**") gradings of L5 for electrical engineering and the highest grading of L6 for (i) air-conditioning, refrigeration & ventilation works; and (ii) integrated building services, Koyo Engineering is able to undertake mechanical and electrical services work of unlimited value for public projects.

With over 38 years of experience in providing M&E engineering services, Koyo Engineering has been able to establish a reputation and a good track record for itself. Koyo Engineering had been awarded the prestigious SME 500 award in 2009. Today, Koyo Engineering has successfully completed more than 176 projects, which includes consulting, design, procurement and fabrication and construction projects.

Koyo Engineering is equipped with all the necessary competitive strengths needed to rank among the best of M&E service providers in the region. Koyo Engineering invests in training and constantly upgrades the skills of its workforce to be able to provide quality service to all its customers.

## CORPORATE PROFILE

### AVSC TECHNOLOGIES

AVSC Technologies aims to be one of the leading construction material suppliers in Singapore. To do so, AVSC Technologies offers a full range of services that is integral to the supply of construction materials in Singapore. These include the ownership of mines and concession for raw materials, shipping/chartering services, logistics planning and ancillary support services such as stevedoring and dredging.

With a BCA grading of L6 for the supply of basic construction materials (Workhead reference: SYO1C), AVSC is able to tender for unlimited value for the supply and delivery of reclamation sand. AVSC has also been granted an import licence for importing essential construction materials from the BCA, which allows AVSC to carry out the business of importing essential construction materials.

### KOYO ECO

Koyo Eco focuses on integrating environmental engineering and clean technologies for industries by offering a full suite of clean technologies ranging from large scale solar heat collector arrays, hot water storage tanks, high-temperature heat pumps, phase change materials, non-chemical water treatment, electrical licensing services and liquid desiccant systems.

Koyo Group has integrated and installed what is arguably Singapore’s largest capacity for phase change material with a chiller plant system. This is particularly important because phase change material can be used to help the chiller plant system to run at the most efficient level even during high or low load conditions. The proprietary blend of inorganic hydrated salts used as the phase change material can freeze at a range of temperature from 8 degree Celsius to 15 degree Celsius. This was successfully implemented at Cleantech 2 @ Cleantech Park, a premier development by JTC.

### TUCK HWA

Tuck Hwa focuses on the fabrication of the building construction, air-conditioner mechanical ventilation system, installation and engineering works.

Koyo International Limited has been awarded the prestigious Singapore 1000 Company award in 2019 by DP Information Group. In conclusion, we, at Koyo, aim to provide value to all our customers, anticipating their every need and problem regardless of business sector. This is the commitment that Koyo strictly adheres to. Koyo will always strive to provide the best engineering solutions at the highest attainable standards that will commensurate with the project requirements and budget.



## BOARD MEMBERS

### WONG LOKE TAN – INDEPENDENT NON-EXECUTIVE CHAIRMAN

Wong Loke Tan is the Company's Independent Non-Executive Chairman, first appointed to the Board as Independent Non-Executive Director on 12 August 2016. He was appointed as the Independent Non-Executive Chairman on 23 February 2017 and was last re-elected on 27 April 2021. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee.

Mr Wong is a senior banker with over 30 years of banking experience in international banks and Singapore's longest established bank, OCBC Bank. His experience and expertise span across syndicated loans, project financing, structured trade financing and mergers and acquisitions.

He is particularly known in the business community for his extensive network and strong rapport with Singapore SMEs. Mr Wong remains active in the SME and corporate business circle.

Mr Wong left banking in June 2016 as a Senior Vice President with Maybank, Singapore. Currently, he sits on the Board of listed companies in Singapore and abroad including Union Steel Holdings Limited, Adventus Holdings Limited, K2 F&B Holdings Limited and International Cement Group Limited.

Mr Wong is dedicated to contributing to civic organisations such as the Saint Gabriel's School Management Committee. In 2018, he was awarded the Silver Medallion Service Award by the Ministry of Education in recognition of his contribution and service.

Mr Wong holds a Master of Business Administration degree from Brunel University, United Kingdom and an Executive Diploma in Directorship from the Singapore Management University and the Singapore Institute of Directors.

### SERENA LEE CHOOI LI -INDEPENDENT NON-EXECUTIVE DIRECTOR

Serena Lee Chooi Li was appointed to the Board on 13 June 2007 and was last re-elected on 26 June 2020. She is the Chairman of the Remuneration Committee and also a member of the Audit and Nominating Committees.

Serena is a solicitor of England and Wales and is also an advocate and solicitor of the Supreme Court of Singapore. She was trained in London and has been practising in Singapore for more than twenty years in corporate/commercial, property and banking areas. She is currently a director at CTLC Law Corporation and is also a company secretary for some 80 companies.

Serena holds a Bachelor of Law (2nd Upper Honours) degree from the University of Sheffield and was at Chester Law School before training as an Articled Clerk in Simmons & Simmons, London.

### FOO SUAY WEI – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Foo Suay Wei has been re-designated as Managing Director/CEO with effect from 19 November 2021. He was appointed as Executive Director on 26 December 2014 and was last re-elected on 27 April 2021. He joined Koyo in August 2013 as Strategy and Business Development Manager and was promoted to Senior Manager in March 2014. He was previously an Assistant Director at the Monetary Authority of Singapore from 2009 to 2012.

Suay Wei is responsible for the Group's strategic direction, planning, development and investment of the long term growth of the business, as well as its overall general management and operations.

Suay Wei was appointed as Managing Director of Koyo Engineering on 28 October 2016.

Suay Wei is a member of the Institute of Singapore Chartered Accountants, a fellow of the Association of Chartered Certified Accountants, a member of the Chartered Alternative Investment Analyst, and the Chartered Financial Analyst Institute. He holds a Bachelor of Engineering degree from the National University of Singapore and a Master of Business Administration degree from the University of Cambridge.

### FOO SUAY LUN – EXECUTIVE DIRECTOR

Foo Suay Lun was appointed as Executive Director on 1 June 2018 and was last re-elected on 29 April 2019. He joined Koyo in 2013 as a project manager. He oversees various projects and ensures the smooth operation and completion of such projects.

Suay Lun is a Member of the Institute of Engineers Singapore. He holds a Bachelor of Engineering Mechanical Degree and Master of Science in Energy and Environment Technology and Economics from City, University of London.

### YEO GUAT KWANG – INDEPENDENT NON-EXECUTIVE DIRECTOR

Yeo Guat Kwang was appointed to the Board on 15 July 2009 and was last re-elected on 26 June 2020. He is the Chairman of the Nominating Committee and also a member of the Audit and Remuneration Committees.

Mr Yeo is an Assistant Director-General of National Trades Union Congress (NTUC), Chairman of the Migrant Workers Centre and Centre for Domestic Employees. He was a Member of Parliament from 1997 to 2015. He was also the president of the Consumers Association of Singapore from June 2003 to June 2012. Mr Yeo is also a Lead Independent Director of SICC Environment Holdings Ltd and G.H.Y. Culture & Media Holding Co. Ltd. Mr Yeo is also an Independent Director of Motorway Automotive Pte. Ltd.

Mr Yeo obtained an Honours degree in Arts and Social Sciences from the National University of Singapore in 1986 and a master's degree in Public Administration and Management in Lee Kuan Yew School of Public Policy of the National University of Singapore in 2013. He was conferred Doctorate in Business Administration by United Business Institutes, Brussels in October 2016.

# KEY MANAGEMENT TEAM

## DALAT KOSITANON

Corporate Services Director

Dalat Kositanon is the Corporate Services Director of Koyo Group. Her duties are to oversee the administrative and human resource functions. She has been with Koyo since 1994. Dalat holds a Postgraduate Diploma in Education and a Master of Arts degree (Psychology of Education), both from the Institute of Education, University of London.

## GOH CHIN HIEW

Operations/Commercial Division Director

Goh Chin Hiew is the Operations/Commercial Director of Koyo and has been with Koyo since February 1999. As the director of the Operations/Commercial Division, her job scope and responsibilities cover the tender, procurement, maintenance and quantity surveying departments.

Her current duties include tendering, procurement, liaising and coordinating projects for Koyo. She is also the management representative for the Integrated Management System.

Chin Hiew has more than 20 years of experience in the engineering and construction industry. She holds a Diploma in Electrical Engineering from the Ngee Ann Polytechnic of Singapore.

## GOH HWEE HIONG

Chief Financial Officer

Goh Hwee Hiong is the Chief Financial Officer of Koyo and has been with Koyo since September 2005. She has more than 6 years of experience in auditing and more than 10 years of experience in commerce as an accounts manager and finance manager.

Hwee Hiong is a member of the Institute of Singapore Chartered Accountants. She holds a Bachelor degree of Accountancy from the National University of Singapore.

## GOH TECK SOON

Senior M&E Manager

Goh Teck Soon is the Project Manager overseeing major projects undertaken by Koyo. He has more than 39 years of experience in M&E engineering. He has been involved in various commercial and industrial projects including clean room construction in Singapore prior to joining Koyo in 2011. He holds a diploma in Mechanical Engineering from the Singapore Polytechnic.



# SUSTAINABILITY REPORT

## ORGANISATIONAL PROFILE

Koyo International Limited (“**Company**”) was listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in 2009. Currently, the principal activities of the Koyo and its subsidiaries (collectively, “**Koyo Group**” or “**Group**”) can be broadly categorised into five core business segments. These include the 1) provision of mechanical and electrical (“**M&E**”) engineering services; 2) the supply of renewable energy products for building services; 3) property development and construction; 4) the supply of construction materials and ancillary services related to it; and 5) the business of investments.

## BOARD STATEMENT

The board of directors (“**Board**”) is pleased to present the fifth Sustainability Report (“**Report**”) of the Group. This Report is a culmination of the Group’s commitment towards incorporating sustainability into its business operations through the presentation of economic, environmental, social and governance (“**ESG**”) performance throughout the year. The Board considers sustainability issues as an integral part of our strategic formulation, determines material ESG factors, oversees the identification and management of risks and opportunities relating to ESG issues which are material to our business.

In 2021, the Group conducted the review by focusing on the most pressing ESG issues impacting the business and its stakeholders. The Group has put in place stronger controls and processes to manage the material ESG factors, which in turn demonstrate Koyo’s commitment to sustainability and addressing its stakeholders’ primary concerns.

## ABOUT THIS REPORT

This report is guided by the Global Reporting Initiative (“**GRI**”) G4 reporting guidelines, at core level. The GRI standards were adopted as it represents the global best practices for reporting on economic, environmental and social topics. Corresponding to G4’s emphasis on materiality, the report highlights the key ESG related factors identified for the financial year ended 31 December 2021 (“**FY2021**”) and the initiatives taken during the period. For FY2021, the report is focused on the Group’s M&E engineering services which includes facilities management and business of investments as other activities were not significant, but we intend to expand our scope of this report to include the Group’s other businesses in the future. Through this report, we hope to share our commitment in sustainability and transparency with our various stakeholders, including customers, suppliers, employees, investors and regulators.

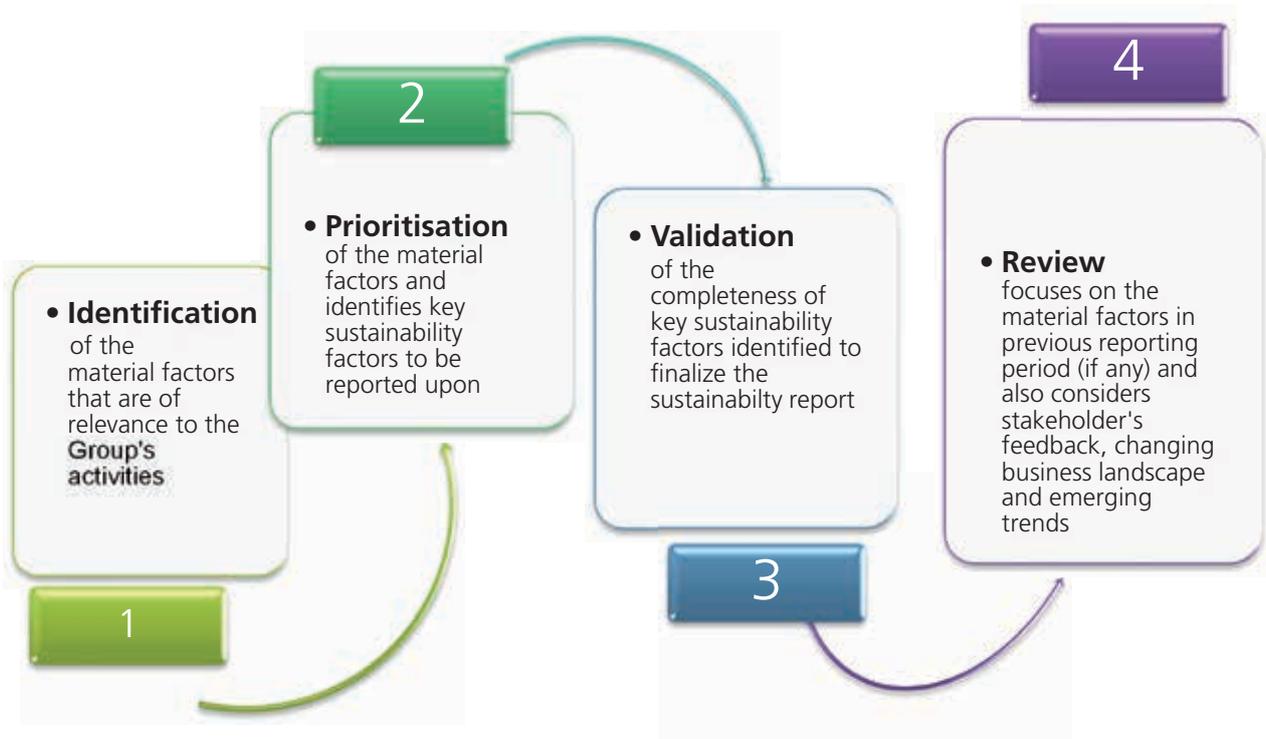
As part of our continual efforts to improve the coverage of our sustainability practices in the report, we welcome stakeholders to submit their questions or feedback on any aspect of our sustainability performance via the following email address: [mail@koyointernational.com](mailto:mail@koyointernational.com).

## POLICY, PRACTICES AND PERFORMANCE REPORTING

### SUSTAINABILITY REPORTING PROCESSES

Our sustainability process begins with the identification of relevant aspects of stakeholder engagement. Relevant aspects are then prioritised as material when identifying issues. The final list of issues that are deemed as material to us are the issues that have significant economic, environmental and social impacts or could substantively influence the assessments and decisions of our stakeholders. The end result of this process is a list of material factors disclosed in the sustainability report. The sustainability reporting process is as shown below:

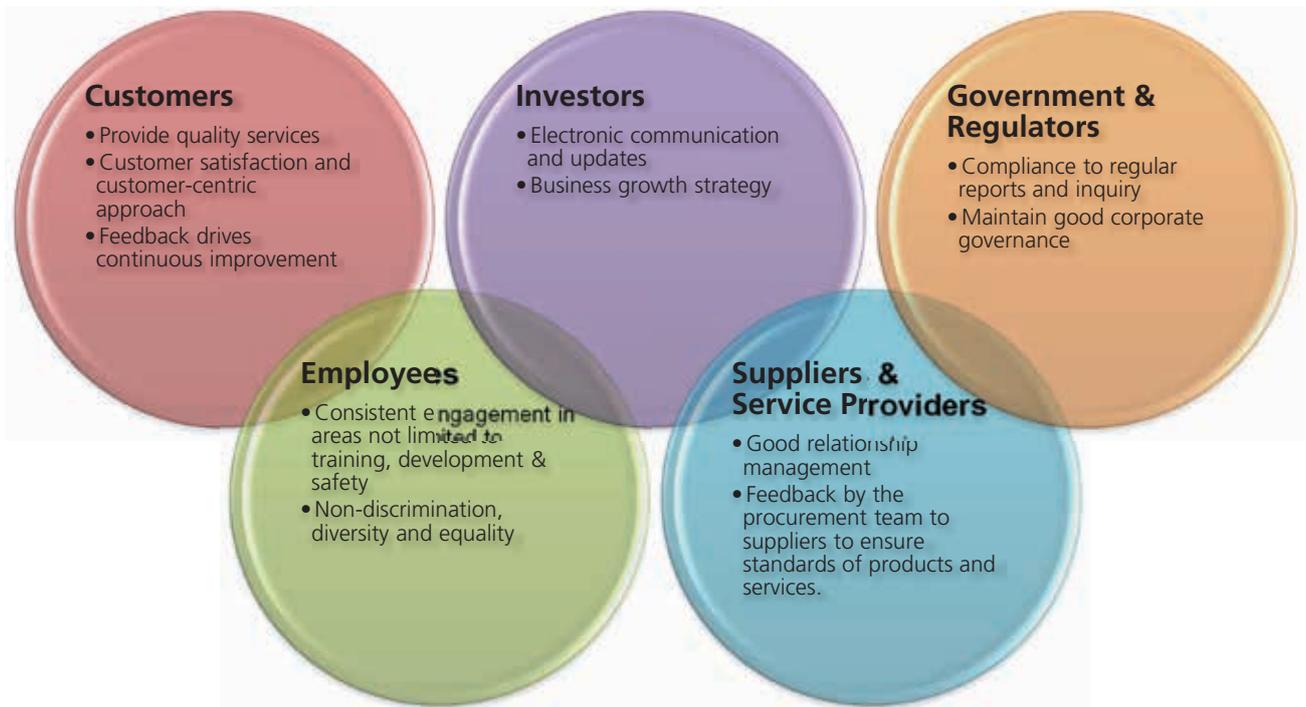
# SUSTAINABILITY REPORT



## STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to employees, suppliers & service providers, investors & shareholders, customers, and regulators.

We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following sets out our engagement platforms with our stakeholders:

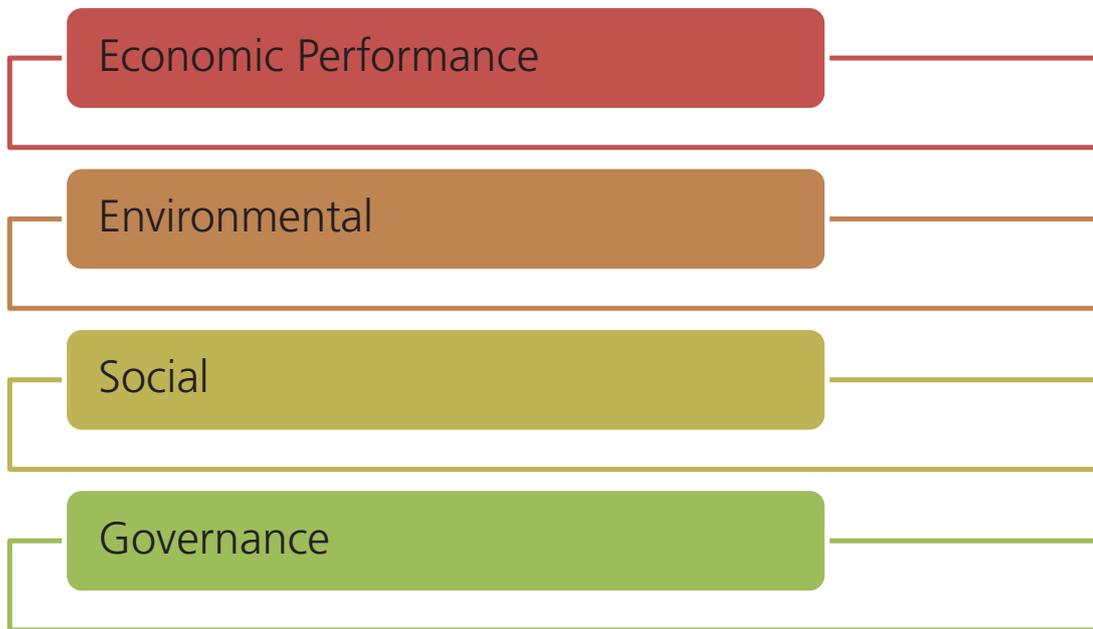


# SUSTAINABILITY REPORT

## MATERIAL ASPECTS ASSESSMENT

We made a materiality assessment during FY2021 based on the results of the previous year's materiality assessment. Factors that were deemed material last year were reviewed to ensure their relevance. A materiality review will be conducted annually, incorporating inputs from the stakeholder engagements.

To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and the influence on the stakeholders and the Company. Aspects were identified and prioritised through senior management evaluations. Applying the guidance from GRI, we have identified the following material aspects:



## MATERIAL ASPECTS

### ECONOMIC PERFORMANCE

The Group firmly believes that focus on financial sustainability is critical and we aim to maximise returns for long-term profitability, thereby creating sustainable shareholder value. The Group's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and society as a whole.

In 2021, Koyo implemented a number of initiatives that contribute to the long-term sustainability of our businesses, including:

- Improving cash and working capital management to minimize cost and maximize returns; and
- Introducing and implementing better cost control and cost management measures.

# SUSTAINABILITY REPORT

2021 was a difficult year for the construction industry. The Group have been working hard to overcome the manpower and the operational challenges arising from the Covid-19 pandemic. These challenges were further compounded by rising manpower costs which placed a heavy weight on the Group's performance. The Group's performance was seriously affected during the year and resulted in a negative performance with a net loss of S\$0.9 million for FY2021. Despite the tough environment, as a result of our prudent management of the projects, careful costs and cash flow management, the Group has achieved our FY2021 target through maintaining a strong net asset value. The Group was able to maintain a healthy balance of its cash and cash equivalents amounting to S\$13.3 million at the end of FY2021. Looking ahead, the Group will continue to explore opportunities for revenue or profit accretive acquisitions, and innovative practices to improve productivity and revenue.

For more detailed information regarding our FY2021 financial results, please refer to the following sections in our Annual Report 2021:

- Operating and Financial Review, pages 4-7.
- Financial Statements, pages 43-106.

In FY2021, the Group continue to activate its business continuity management ("**BCM**") in response to the COVID-19 pandemic. The BCM is a risk management process that identifies potential business impact caused by operational disruption, crisis or disaster. It provides a framework for building resiliency enabling an effective response that safeguards the interests of its key stakeholders, reputation, brand and value creating activities. The Group has received the financial assistance from the Government during the Covid-19 pandemic.

In FY2021, the Group received \$822,000 government grant in total from four sources, namely Job Support Scheme, Foreign Worker Levy (FWL) Waiver (non-cash), FWL Rebate and Job Growth Incentive (JGI) These grants have been utilized as Covid-19 relief funds to implement safe management measures and arrangement of foreign workers' dormitory shifting. In addition, to co-share the increased cost that construction projects continue to face challenges due to manpower shortages and increases in manpower cost as a result of tightened border control measures, including quotas that limit the inflow of migrant workers.

## ENVIRONMENT

At Koyo, we strive to carry out our business operations in a socially responsible manner and are committed towards protecting the environment.

### GREENMARK PROJECTS

As an M&E engineering services provider, the Group continues to implement BCA Green Mark projects and we are committed to working with our valued business partners to construct high quality and energy efficient developments for the community. The BCA Green Mark scheme promotes greater energy efficiency, water efficiency, environment protection, indoor environmental quality and other green/innovative features in infrastructure and building interiors.

### ENVIRONMENTAL ASPECT AND IMPACT ASSESSMENT

Our two main subsidiaries namely, Koyo Engineering (S.E. Asia) Pte Ltd and Koyo M&E Pte Ltd are ISO 14001:2015 certified. The ISO 14001:2015 Environmental Management System provides for a framework that our subsidiaries can follow to manage environmental aspects, fulfil environmental compliance obligations and address environmental risks and opportunities. As such, we carry out environmental aspect and impact assessments for our work.

### WASTE MANAGEMENT

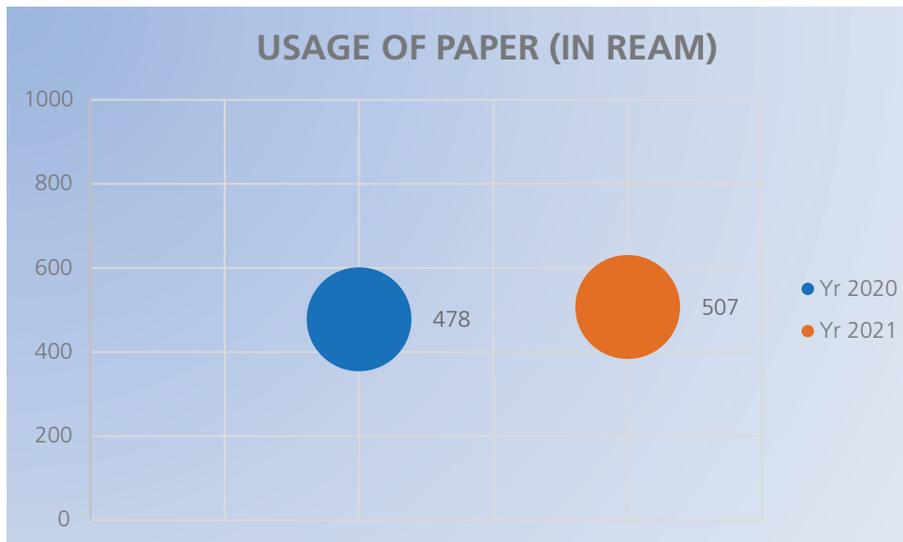
The Group adopts the Reduce, Reuse and Recycle ("**3Rs**") methodology to manage our waste. We believe that by practising the 3Rs, we can help to protect the environment and conserve limited resources. The Group believes that every small effort counts and goes a long way in contributing to the conservation and protection of the earth's natural resources. We aim to reduce the paper consumption in head office by 5% in the financial year ending 31 December 2022 ("**FY2022**").

## SUSTAINABILITY REPORT

Our waste management efforts are focused mainly on paper. We are constantly working to reduce waste from our operations, as well as finding efficient ways to recycle. Measures were communicated to all the new and existing employees through induction and informal meetings to reduce, reuse or recycle whenever possible.

REDUCE	REUSE	RECYCLE
Employees are educated to print double-sided documents.	Employees are encouraged to reuse paper for note taking during meetings.	Waste cardboard and paper are sent for recycling.
Paperless work flow system is being implemented to store documents electronically.	Employees are also encouraged to use waste paper as draft paper.	
	Employees are encouraged not to print documents for discussion purposes and display them on screens instead.	

The paper consumption with the previous year trend is illustrated as follows:



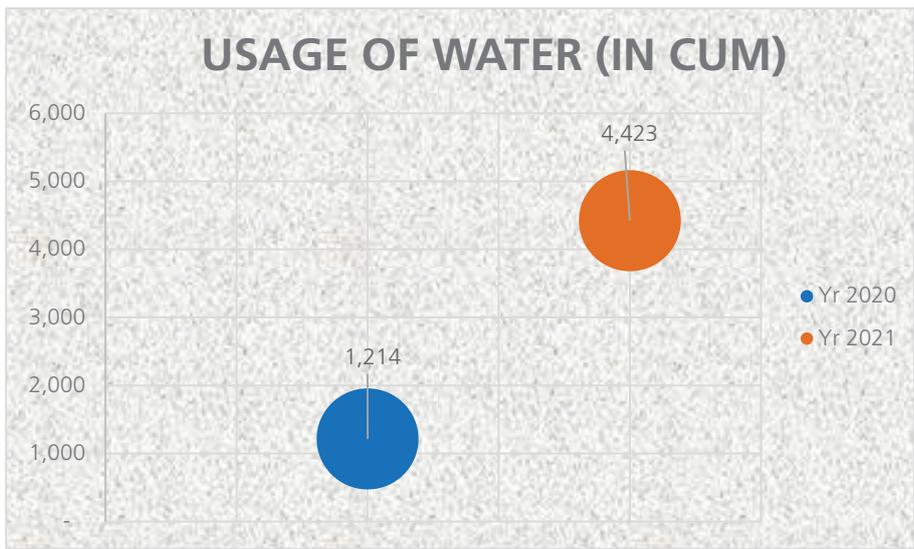
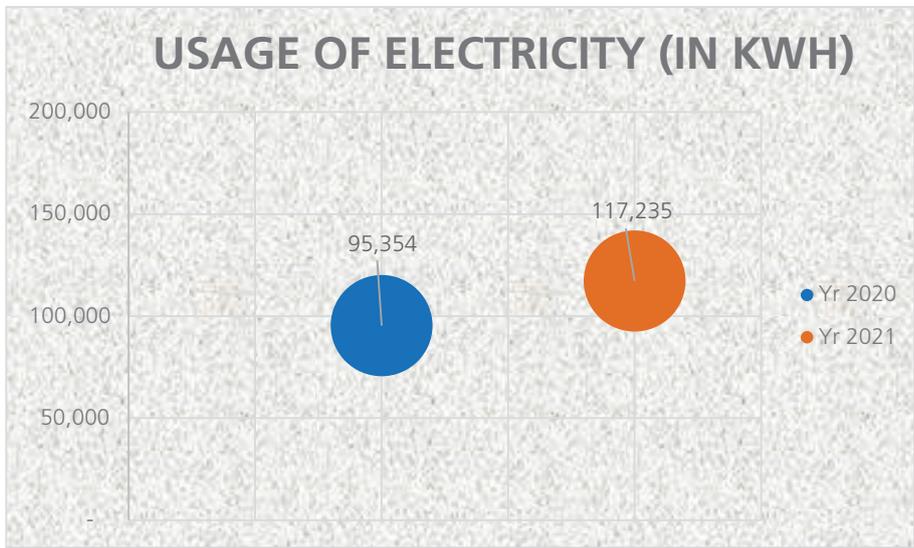
There is a slight increase of paper consumption in FY2021 was mainly due to partial resumption of work activities during FY2021 whereas in FY2020, there was a Circuit Breaker period of 2 months. The Group has not met its FY2021 target of reduction of 5%, nevertheless we are setting our target for a reduction of 5% in FY2022.

# SUSTAINABILITY REPORT

## CONSERVATION OF ENERGY AND WATER

The Group believes that the efficient use of natural resources such as energy and water will contribute positively to sustainable growth for the Group in the long term. As part of our continuous efforts, we have installed more energy-efficient lightings, thereby reducing electricity consumption and use water-efficient fittings and fixtures where appropriate in our corporate office to reduce water consumption. We aim to reduce the energy consumption in head office by 5% in FY2022.

The Group has put up reminders of energy conservation practices such as switching off lights and equipment when not in use, to encourage employees to play their part in reducing energy consumption. The energy and water consumption with the previous year trend are being illustrated as follows:



# SUSTAINABILITY REPORT

Based on the illustrations, there was a 264% increase in water consumption from FY2020 to FY2021 which has far exceeded the target set for a reduction of 5% in FY2021. The rise in the consumption for water in FY2021 was largely due to:

- (1) The partial resumption of operations at the factory building and for using as FCD (Factory Converted Dormitory) for few workers;
- (2) The consumption was also in line with the advisory from Ministry of Manpower for observing good personal hygiene, washing hands with soap and water frequently.

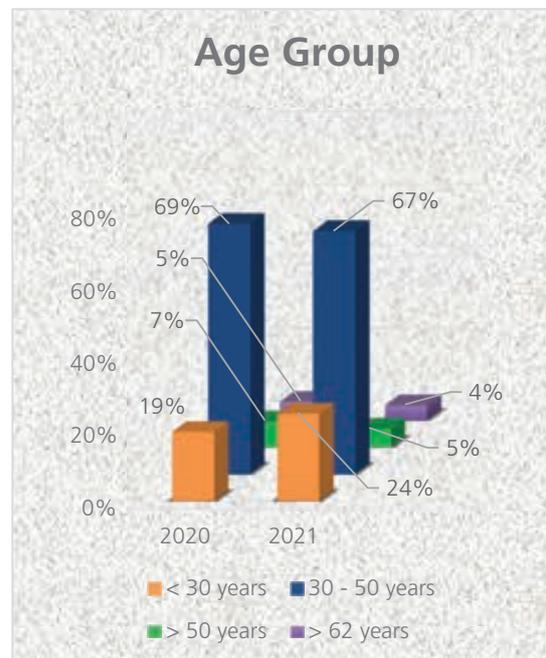
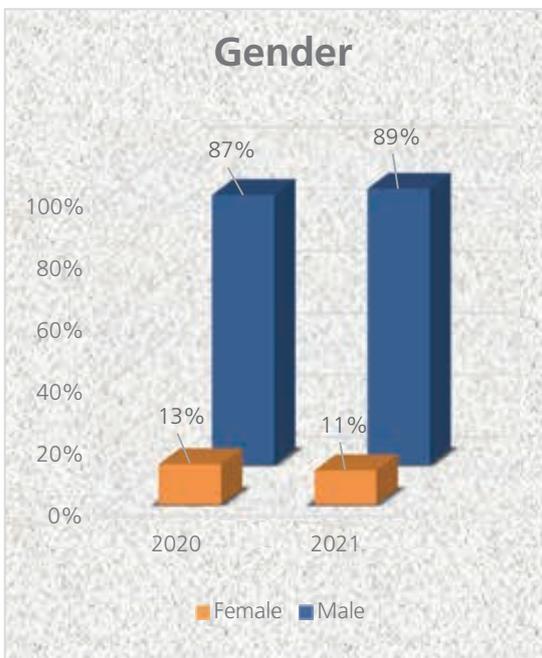
However, there was also an increase in electricity consumption of 23% from FY2020 to FY2021, for project sites and office, mainly due to partial resumption of work activities in FY2021 while in FY2020, there was circuit breaker and as staffs were continuously encouraged to work from home.

Nevertheless, we are committed to continuously optimizing the usage of such precious resources by investing in energy-saving products and driving water-use efficiency in our operations. We aim to reduce water consumption in head office by 5% in FY2022.

## SOCIAL

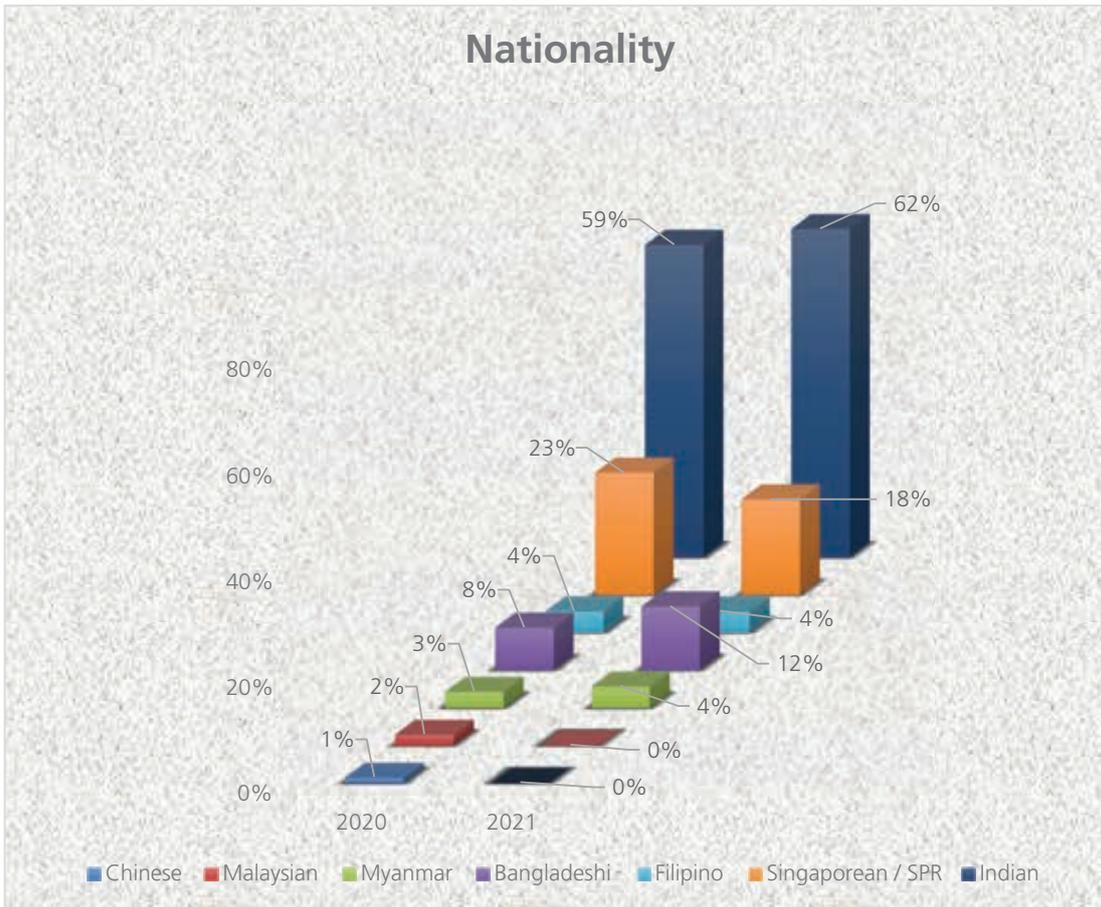
### DIVERSITY AND FAIR EMPLOYMENT

We embrace diversity, and at the same time expect employees to be aligned with Group’s vision and strategic initiatives of enhancing overall business performance and to deliver sustainable growth. The age of our staff ranges from 20s to 70s. There is an increase in ratio of male to female staff from approximately 6:1 for FY2020 to 8:1 for FY2021. The higher ratio of male to female employees is not uncommon in the construction industry due to the nature of the work. Our staff consists of people coming from different nationalities and academic qualifications. We strive for fair treatment of all our employees, regardless of nationalities, age, gender and educational levels.



We always give preference to the hiring of local talent. We did not meet the target of 23% for local hires set in FY2021, mainly due to labour market constraints and increase construction workers who are mainly from India and Bangladesh. However, we are committed to providing competitive remuneration and benefits to our employees. We are also committed to safeguarding our employees’ health and safety against any potential workplace hazards. We have set a target to achieve 20% of local hires in FY2022.

# SUSTAINABILITY REPORT



## CODE OF CONDUCT

New employees are provided a Code of Business Conduct, which is a standard for general employee conduct which the employee agrees to abide by, as well as a Whistle-blowing policy. The Group ensures compliance with labour and employment laws, including working hours. Furthermore, the Group does not condone discrimination against anyone because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. Non-compliance in relation to discrimination may be reported to the line manager, HR or through our whistleblowing system. We had not received any incidence of discrimination cases in FY2021. We aim to have zero incidence of discrimination cases in FY2022.

## TRAINING AND EDUCATION

Koyo understands that there is a continuous need to upgrade staff skills and knowledge. This is beneficial to the staff’s development and the Company. Thus, staff are encouraged to go for courses and seminars to upgrade themselves and improve their skills. Staff are also sent by the Company, to attend online courses to obtain skills or certifications that are necessary in the course of their work, examples of courses include “Occupational First Aid Course”, “Safe Management Officer”, “Develop a Risk Management Implementation Plan”, “WSQ Manage Work at Height Course”, “Workplace Safety and Health Management in Construction”, “Apply Workplace Safety and Health in Metal Works”, “Workshop on Designs and Specifications for Small Electrical Installation in Compliance with SS638, SS650 and Regulations” conducted by Ministry of Manpower Accredited Providers.

## OCCUPATIONAL HEALTH AND SAFETY

Our two main subsidiaries namely, Koyo Engineering (S.E. Asia) Pte Ltd and Koyo M&E Pte Ltd are ISO 45001:2018 certified. The ISO 45001:2018 provides for a framework to maintain the Group’s commitment to prevent ill-health and injury through the implementation of Occupational Health and Safety Management System that meets the requirements of ISO 45001: 2018 standard requirement.

# SUSTAINABILITY REPORT

We put the safety of everyone above all in whatever we do. This has since become the overriding principle that guides us in our work. We also believe that safety is everyone's responsibility and we are committed to building a strong and positive safety-oriented culture in our workplace to promote safety and create a safe working environment for everyone.

Our Health and Safety Policy is one key way in which we implement the safety principle in our work. We achieved our FY2021 target through having zero workplace incidents in 2021. We will continuously strive to improve the way we carry out our work safely together with our business partners to achieve our goal of zero incident in FY2022.

We achieve our goal by managing risk at work, equipping our work crew with competent skills, providing Safety, Health, Environment ("**SHE**") training and conducting campaigns to raise safety awareness at work.

In early of 2022, Koyo Engineering (S.E. Asia) Pte Ltd participated and successfully implemented Workplace Safety and Health ("**WSH**") Advocate Programme and received the certification for being bizSAFE community partner. It is also a recipient of RoSPA Gold Award from Royal Society for the Prevention of Accidents ("**RoSPA**") for health and safety performance during 01 January 2021 to 31 December 2021.

## SAFETY TRAINING

We strongly believe that to equip our workforce with competent skill and knowledge to carry out the work safely is one of the cornerstones of success for the Group. Selected staff are trained on risk management to build on their fundamentals of hazard identification and risk assessment at the workplace.

## SAFETY CAMPAIGN

From time to time, we hold safety campaigns at our various work sites to heighten awareness on Health and Safety matters and promote positive behaviour amongst the work crew. An effective campaign may help to eliminate any doubts that the work crew might have, boost the morale of the workforce, reduces costly mistakes and prevent injury.

## MANAGING RISKS

We manage risk at work through preparing risk assessment for every job, communicate hazards and risks at pre-task discussions (i.e. tool box meetings), intervene unsafe observations, carry out safety inspections and conduct management walkabouts to support and ensure safety compliance.

## **GOVERNANCE**

The Company adheres closely to the principles and guidelines of the Code of Corporate Governance 2018 ("**Code**") and other applicable laws, rules and regulations, including the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"). We endeavour to comply to the best extent possible, with the principles, provisions and practices set out in the Code and accompanying practice guidance. Please refer to the Annual report pages 22 to 42 on the details of the Company's corporate governance practices.

## DATA PROTECTION

Koyo protects the privacy and confidentiality of our customers' information. We do not divulge or sell personal information to third parties for marketing or promotional purposes. All employees are guided by Koyo's Code of Business Conduct. In FY2021, there was no identified case regarding breach of customer privacy or loss of customer data. We aim to maintain zero breaches in this aspect in FY2022.

## WHISTLE BLOWING POLICY

Our whistle blowing policy provides a mechanism for employees and external parties to report concerns over alleged wrongful acts. There were no whistleblowing cases in FY2021.

## COMPLIANCE WITH LAWS AND REGULATIONS

Koyo actively ensures that all our activities and operations comply with existing regulatory requirements. We carry out regular reviews of legal and other requirements. Any changes and non-compliance with the relevant laws are made known to the management, and actions will be taken to ensure compliance.

# CORPORATE GOVERNANCE

Koyo International Limited (the “**Company**”) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”). Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company (“**Shareholders**”).

This Corporate Governance Report (“**CG Report**”) describes the Company’s corporate governance practices that were in place during the financial year ended 31 December 2021 (“**FY2021**”) with the reference made to the Code of Corporate Governance 2018 (“**2018 Code**”) and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”) and where applicable, it has specified and explained the areas and reason(s) for any deviations from the 2018 Code.

## BOARD MATTERS

### Board’s Conduct of its Affairs

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

The Board of Directors’ (“**Board**”) principal functions include, among others, supervising the overall management of the business and affairs of the Group and setting the Group’s corporate and strategic policies and direction. The principal duties of the Board include the following:

- Protecting and enhancing long-term value and return to its shareholders;
- Providing leadership and guidance on corporate strategy, business directions, risk management policy and implementation of corporate objectives;
- Reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;
- Ensuring the effectiveness and integrity of Management;
- Conducting periodic reviews of the Group’s risk management systems and the adequacy and effectiveness of internal controls, including financial, operational, compliance and information controls, and assessing actions needed to address and monitor any areas of concern;
- Approving nominations to the Board and appointment of key management personnel;
- Ensuring the Group’s compliance with all relevant and applicable laws and regulations; and
- Assuming responsibility for the corporate governance of the Group.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company. To assist the Board in discharging its responsibilities effectively and efficiently, the Board has delegated certain responsibilities to the three Board committees, namely, the Audit Committee (“**AC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”) (collectively, “**Board Committees**”), which would make recommendations to the Board. The Board holds the Management of the Company (“**Management**”) accountable for performance. The Board Committees operate within clearly defined terms of reference. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance. The Board meets regularly 4 times a year to oversee the business affairs of the Group. The Board is free to seek clarification and information from Management on all matters within their purview.

Directors facing conflicts of interest recuse themselves from meeting discussions and decisions involving the issues of conflict.

## CORPORATE GOVERNANCE

Ad-hoc meetings are convened at such other times as may be necessary to address any specific significant matters that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions. Meetings via telephone or video conference are permitted by the Company's Constitution.

Details of the attendance of the Board members at the meetings of the Board and Board Committees for FY2021 are as follows:

	<b>Board</b>	<b>Audit Committee</b>	<b>Nominating Committee</b>	<b>Remuneration Committee</b>	<b>Annual General Meeting</b>
No. of meetings held	4	2	2	3	1
<b>Name of Directors</b>	<b>No. of Meetings attended</b>				
Wong Loke Tan	4	2	2*	3	1
Foo Chek Heng**	–	N/A	–	N/A	–
Yeo Guat Kwang	4	2	2	3	1
Serena Lee Chooi Li	4	2	2	3	1
Foo Suay Lun	4	2*	2*	3*	1
Foo Suay Wei	4	2*	2*	3*	1

N/A denotes not applicable

\*By invitation

\*\* Demised on 8 August 2021 after having been on medical leave of absence since 24 January 2020.

Matters that are specifically reserved for the Board's approval include:

1. Reviewing the composition of the Board annually;
2. Reviewing Board succession plans for Directors, in particular the Managing Director/Chief Executive Officer ("CEO");
3. Corporate strategy and business plans;
4. Capital expenditures;
5. Capital borrowings and financial commitments;
6. Material interested person transactions;
7. Major funding proposals, investments, acquisitions and divestments;
8. Budgets, financial results announcement, annual report and audited financial statements;
9. Internal controls and risk management strategies and execution;
10. Appointment of Directors and key management personnel;
11. Convening of shareholders' meetings; and
12. Declaration of interim dividends and proposal of final dividends.

To ensure Directors can fulfill their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors.

## CORPORATE GOVERNANCE

The Directors are also updated regularly with changes to the Catalist Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (“**ACRA**”) which are relevant to the Directors are circulated to the Board. The Company Secretary informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors will update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group’s strategic direction, governance practices, business and organisation structure as well as the expected duties of a Director of a listed company. Appropriate external trainings for Directors conducted by the Singapore Institute of Directors and other organisation will be arranged when necessary. The Company will also provide training for newly appointed Directors who have no prior experience as a Director of a Singapore public listed company as prescribed by the SGX-ST under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules. To get a better understanding of the Group’s business, the Director will also be given the opportunity to visit the Group’s operational facilities and meet with key management personnel.

The Management provides the Board with adequate and timely information as well as a review of the Group’s performance prior to the Board meetings to enable the Directors to make informed decisions and discharge their duties and responsibilities. In view of the Company’s half yearly reporting requirements, the Management provides the Board with its accounts on a half yearly basis. Financial information, reports and assessments are provided for circular meetings as well to provide sufficient information to the Board to make their decision.

All Directors have separate and independent access to the Management and the Company Secretary at all times through email, telephone and face-to-face meetings. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board to decide, includes ensuring that Board procedures are followed; applicable rules and regulations are complied with, ensuring good information flow within the Board and its committees and between senior management and Non-Executive Directors, facilitating the Directors’ orientation programme, and assisting with professional developments as required. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished. Under the direction of the Chairman, the Company Secretary ensures timely and good information flows within the Board and its Board Committees and between the Management and independent Directors. The Company Secretary and/or her representative administer, attend and prepare the minutes of all Board and Board Committee meetings.

The Board in the furtherance of its duties, may seek independent professional advice at the Company’s expense.

### Board Composition and Guidance

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

The Board comprises five (5) members with half of the Board comprising Independent Directors. There are three (3) Independent Non-Executive Directors and two (2) Executive Directors on the Board. As at the date of this CG Report, the Board members are as follows:

Wong Loke Tan	(Independent Non-Executive Chairman)
Foo Suay Wei <sup>(1)</sup>	(Managing Director, CEO and Executive Director)
Foo Suay Lun	(Executive Director)
Yeo Guat Kwang	(Independent Non-Executive Director)
Serena Lee Chooi Li	(Independent Non-Executive Director)

#### Note:

(1) Mr Foo Suay Wei was re-designated as Managing Director, CEO and Executive Director on 19 November 2021.

## CORPORATE GOVERNANCE

The Company is in compliance with Rule 406(3)(c) of the Catalist Rules as the Independent Directors make up half of the Board. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs. The Board comprises a majority of independent directors, with a total of five directors of whom three are independent and comprises a majority of non-executive directors.

Ms Serena Lee Chooi Li will be retiring at the forthcoming AGM. The Company will continue its search for a new independent director so that the non-executive directors will make up a majority of the Board as per Provision 2.3 of 2018 Code.

The independence of each Director is reviewed annually by the NC. The NC and Board, takes into account relationships or circumstances, including those identified by the 2018 Code and Rule 406(3)(d) of the Catalist Rules that are relevant in its determination as to whether a Director is independent. Moreover, all the Independent Directors are not associated, directly or indirectly, with the Company's 5% shareholders in the current or immediate past financial year to enhance the independent element on the Board. There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the 2018 Code that would otherwise deem him/or not to be independent.

The NC is of the view that Mr Wong Loke Tan, Mr Yeo Guat Kwang and Ms Serena Lee Chooi Li are independent. The Board has determined after taking into account the views of the NC, that the aforementioned Directors are independent in conduct, character and judgement and has no relationships with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the aforementioned Directors independent business judgement in the best interests of the Company. In performing the NC's review of the independence of the aforementioned Directors, Mr Yeo Guat Kwang and Ms Serena Lee Chooi Li, being members of the NC, have each abstained from participating in the review of the assessment of his/her independence. In addition, in performing the Board's review of the independence of the aforementioned Directors, Mr Wong Loke Tan, Mr Yeo Guat Kwang and Ms Serena Lee Chooi Li, each abstained from participating in the review of the assessment of his/her independence. The Independent Non-Executive Directors have also confirmed their independence in accordance with the 2018 Code.

In line with Guideline 2.4 of the Code of Corporate Governance 2012, the NC had conducted a rigorous review on the independence of the Independent Non-Executive Directors who have served on the Board for more than 9 years, Ms Serena Lee Chooi Li and Mr Yeo Guat Kwang and considers that Ms Serena Lee Chooi Li and Mr Yeo Guat Kwang are independent even though they have served on the Board beyond 9 years. The relevant factors that were taken into consideration in determining the independence of Ms Serena Lee Chooi Li and Mr Yeo Guat Kwang are set out below.

Ms Serena Lee Chooi Li and Mr Yeo Guat Kwang have:

- (i) contributed constructively throughout their terms of appointment in the Company;
- (ii) sought clarification and amplification as they deemed necessary, including through direct access to key management personnel;
- (iii) provided impartial advice and insights;
- (iv) exercised his/her independent judgment at Board and Board Committees meetings in doing so; and
- (v) will continue to add value to the Board.

The following assessments were also conducted and deliberated by the Board before arriving at the conclusion:

- (i) review of Board and Board Committee meetings minutes to assess questions and voting actions of Ms Serena Lee Chooi Li and Mr Yeo Guat Kwang; and
- (ii) Ms Serena Lee Chooi Li's and Mr Yeo Guat Kwang's declaration of independence.

Based on the aforementioned, the Board is of the view that Ms Serena Lee Chooi Li and Mr Yeo Guat Kwang have been and have the ability to continue exercising independent judgment in the best interests of the Company in the discharging of their duties as Independent Directors of the Company. Ms Serena Lee Chooi Li and Mr Yeo Guat Kwang had abstained from the NC's and Board's review of their independence.

## CORPORATE GOVERNANCE

With effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the **"Two-Tier Voting"**). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

The existing Independent Directors who have served more than 9 years are Ms Serena Lee Chooi Li and Mr Yeo Guat Kwang who have obtained shareholders' approval for Two-Tier Voting resolutions for her/his continued appointment at the Company's Annual General Meeting (**"AGM"**) held on 27 April 2021.

Accordingly, Ms Serena Lee Chooi Li and Mr Yeo Guat Kwang will continue to act as Independent Directors of the Company until the conclusion of the third annual general meeting which shall be held in year 2024 or upon her/his retirement or resignation, whichever the earlier. Ms Serena Lee Chooi Li will be retiring at the forthcoming AGM.

There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the 2018 Code that would otherwise deem him/or not to be independent.

The Board through the NC, has examined the Board and Board Committees and is of the view that the Board and Board Committees are of an appropriate size, and comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Board's policy in identifying Director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

The Independent Non-Executive Directors have met at least once without the presence of the Management in FY2021.

### **Chairman and Chief Executive Officer**

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

The roles of the Chairman and the Managing Director/CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the Managing Director/CEO are not related to each other nor are they immediate family members.

As the Independent Non-Executive Chairman, Mr Wong Loke Tan bears the responsibility for overseeing the business of the Board and, together with the AC, ensures the integrity and effectiveness of the governance process of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. In addition, the Chairman promotes a culture of openness and debate at the Board; ensures that the Directors receive complete, adequate and timely information; encourages constructive relations within the Board and between the Board and management; and facilitates the effective contribution of non-executive Directors. The Chairman chairs the AGM and ensures constructive communication between shareholders, the Board and management.

## CORPORATE GOVERNANCE

Prior the re-designation of Mr Foo Suay Wei as the Managing Director/CEO on 19 November 2021, Mr Foo Suay Wei has been covering the duties and responsibilities of the late Mr Foo Chek Heng, former Managing Director/CEO, who has taken a leave of absence since 24 January 2020. Mr Foo Suay Wei bears the executive responsibilities for the overall daily operations of the Group's various businesses. He also oversees the execution of the business and corporate strategy decisions made by the Board.

All major decisions made by the Board are subject to majority approval of the Board.

### Board Membership

**Principle 4: The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board.**

As at the date of this CG Report, the Board comprises five (5) Directors, two (2) of whom are Executive Directors while three (3) are Independent Non-Executive Directors.

Name of Directors	Position	Date of Initial Appointment	Date of Last Re-election/ Re-appointment
Wong Loke Tan	Independent Non-Executive Chairman	12.08.2016 <sup>(1)</sup>	27.04.2021
Foo Suay Wei <sup>(2)</sup>	Managing Director/CEO	26.12.2014	27.04.2021
Foo Suay Lun <sup>(3)</sup>	Executive Director	01.06.2018	29.04.2019
Yeo Guat Kwang	Independent Non-Executive Director	15.07.2009	26.06.2020
Serena Lee Chooi Li	Independent Non-Executive Director	13.06.2007	26.06.2020

#### Notes:

- (1) Mr Wong Loke Tan was re-designated from an Independent Director to the Independent Non-Executive Chairman on 23 February 2017.  
 (2) Mr Foo Suay Wei is the brother of Foo Suay Lun. Mr Foo Suay Wei has been re-designated as Managing Director/CEO with effect from 19 November 2021.  
 (3) Mr Foo Suay Lun is the brother of Foo Suay Wei.

The NC comprises Mr Yeo Guat Kwang as Chairman, Ms Serena Lee Chooi Li and Mr Foo Suay Wei (who appointed on 19 November 2021) as members, a majority of whom, including the NC Chairman are independent. The NC has adopted specific written terms of reference which includes:

- reviewing and recommending the nomination or re-nomination of Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel, having regard to the Director's contribution and performance;
- reviewing each of the Director's independence annually;
- reviewing whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- reviewing of training and professional development programmes for the Board and Directors;
- considering whether or not a Director who has multiple board representations is able to and has been adequately carrying out his duties as a Director of the Company;
- reviewing the composition of the Board annually; and
- reviewing of Board succession plans for Directors.

The NC also ensures that the Board, as a whole, possesses the core competencies required by the Code. All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least every three (3) years.

## CORPORATE GOVERNANCE

Before making its recommendation to the Board for the re-appointment of a retiring Director, the NC takes into consideration the current needs of the Board, the Director's contribution and performance which are determined by factors such as attendance, preparedness, participation and candour (as well as contribution to the effectiveness of the Board). The Director is also assessed based on his/her ability to adequately carry out the duties expected while performing his/her roles in other companies or other appointments.

Under Regulation 100 of the Company's Constitution, one third (1/3) of the Board is to retire by rotation and subject themselves to re-election by shareholders at every AGM provided that the Directors to retire from office, have been serving the longest in office since their last re-election or appointment. Under Regulation 100A of the Company's Constitution, the retiring Director shall be eligible for re-election.

Mr Foo Suay Lun and Ms Serena Lee Chooi Li who were last re-elected on 29 April 2019 and 26 June 2020 respectively are due to retire at the forthcoming AGM for re-election pursuant to Regulation 100 of the Company's Constitution.

The NC, having reviewed and being satisfied with their overall contribution and performance as Directors of the Company, has recommended that Mr Foo Suay Lun and Ms Serena Lee Chooi Li be nominated for re-election at the forthcoming AGM.

Ms Serena Lee Chooi Li has expressed to the NC and the Board that she will not be seeking re-election at the forthcoming AGM. Accordingly, Ms Serena Lee Chooi Li will cease to be a Director of the Company at the conclusion of the forthcoming AGM. Upon her retirement, Ms Serena Lee Chooi Li will also cease as the Chairman of the RC, member of the AC and NC. The NC and the Board noted her retirement and thanks her for her past contribution as the Independent Director to the Company.

The Company will continue its search for a new independent Director so that the NC has at least three directors and majority of whom are independent as per Provision 4.2 of 2018 Code.

Mr Foo Suay Lun will, upon re-election as a Director of the Company, remain as the Executive Director of the Company. Mr Foo Suay Lun is the brother of Mr Foo Suay Wei, Managing Director/CEO of the Company. Mr Foo Suay Lun owns 100% of Salix Capital Pte Ltd, a 26.05% shareholder of the Company.

Please refer to pages 39 to 42 of this annual report for information on the Directors nominated for re-election required under Rule 720(5) of the Catalist Rules.

New Directors are appointed by the Board upon the recommendation of the NC. In the nomination and selection process, the NC first considers the range of skills and experience required in the light of the following:

- (a) Strategic direction and progress of the Group;
- (b) Current composition of the Board; and
- (c) Need for independence.

After which, the NC will source for potential candidates, usually through recommendations from Directors and Management. However, external help may also be sought to source for potential candidates. Next, the NC will conduct interviews and assess the suitability of the short-listed candidates. The NC would recommend the selected candidate to the Board for consideration and approval. The criteria used to short-list candidates include possession of expert knowledge that meets the needs of the Company, the ability to commit time, the character, business experience and acumen.

Notwithstanding that some of the Directors have multiple board representations, the NC and Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. Only two (2) Directors, namely Mr Wong Loke Tan and Mr Yeo Guat Kwang, is a Director of other listed companies. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises.

## CORPORATE GOVERNANCE

The considerations in assessing the capacity of Directors include, *inter alia*, (i) Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity; (ii) Geographical location of Directors; (iii) Size and composition of the Board; (iv) Nature and scope of the Group's operations and size; and (v) Capacity, complexity and expectations of the other listed Directorships and principle commitments held.

The NC would continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

The Company currently does not have any alternate Directors.

Key information regarding the Directors, including their principal commitments, Directorships in other listed companies are set out in the Board Members' section in page 11 of this annual report.

### Board Performance

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.***

The NC decides on how the Board's, Board Committees' and individual Directors' performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and Board Committees and for assessing the contribution of each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director. On a yearly basis, each member of the Board is assessed individually according to, among other things, his/her contributions and effectiveness.

The NC reviews the criteria for evaluation annually and makes changes where necessary to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholder's value, thereafter propose amendments if any, which would be subject to the approval of the Board.

The review parameters for evaluating each Director include, *inter alia*, the following:

- (i) attendance at Board and Board Committee meetings;
- (ii) preparedness and participation at meetings;
- (iii) availability for consultation and advice, when required; and
- (iv) knowledge, abilities, teamwork and integrity.

The NC also assessed the effectiveness of the Board as a whole by evaluating factors such as the adequacy and size of the Board, the individual Director's contribution towards the effectiveness of the Board, the Board's access to information, Board processes and accountability and communication with senior management. Each Director completes a self-evaluation checklist which integrates the assessment of the Board, Board committees, Chairman and individual Directors. No external facilitator was used in the evaluation process of the individual Directors and the Board.

The NC has assessed the current Board and Board Committees' performance to-date, as well as the performance of each individual Director and is of the view that the performance of the Board as a whole, and of each individual Director has met their performance objectives.

# CORPORATE GOVERNANCE

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

The RC is chaired by Ms Serena Lee Chooi Li and comprises Mr Yeo Guat Kwang and Mr Wong Loke Tan as members, all of whom are Independent Non-Executive Directors.

The key terms of reference of the RC are, *inter alia*, as follows:

- (a) To review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel; and
- (b) To review and recommend to the Board the service contracts of Executive Directors and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses.

No Director or member of the RC is involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist in their deliberations.

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair and is responsible for reviewing and approving the remuneration packages of the executive Directors and recommending to the Board the fees of the non-executive Directors. The RC's recommendations are submitted for endorsement by the entire Board.

The RC may from time to time, when necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel, so that the Group remains competitive in this regard. During FY2021, the Company engaged an independent remuneration consultant.

Ms Serena Lee Chooi Li will be retiring at the forthcoming AGM. The Company will continue its search for a new independent Director so that the RC has at least three non-executive Directors and majority of whom are independent as per Provision 6.2 of 2018 Code.

### Level and Mix of Remuneration

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

The Company's remuneration policy which covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, benefits-in-kind, bonuses and options, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

The RC seeks to ensure that the structure of remuneration packages for the Executive Directors and key management personnel are appropriate in linking rewards with performance and that such remuneration packages are aligned with the interests of shareholders and promote the long-term success of the Group.

The Company has entered into separate service agreements with the Managing Director/CEO, Mr Foo Suay Wei and the Executive Director, Mr Foo Suay Lun of which each initial service agreement are valid for an initial period of three (3) years and subject to automatic renewals every 3 years, on such terms and conditions as the parties agree. Their performance conditions which are pre-determined include conditions such as, *inter alia*, the Group's profit before tax. The RC has reviewed and is of the view that there are no onerous compensation commitments on the part of the Company in the event of termination of these service agreements. The notice period for the termination of these service agreements is three months.

## CORPORATE GOVERNANCE

The Independent Non-Executive Directors do not have any service agreements with the Company. The fees of the Independent Directors are determined by the Board, according to the level of their contributions, taking into account factors such as effort and time spent, and their respective responsibilities as Independent Non-Executive Directors. Save for Director's fees, which have to be approved by the Shareholders at every AGM, the Independent Non-Executive Directors do not receive any other remuneration from the Company.

The Koyo International Employee Share Option Scheme 2011 has expired on 25 April 2021 and the Group does not intend to set up a new scheme in the near future.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

### Disclosure on Remuneration

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

A breakdown of Directors' remuneration for FY2021 is as follows:

	Director Fee	Salary & CPF	Bonus	Allowance	Total
	%	%	%	%	%
<b>\$500,000 – \$749,999</b>					
Foo Suay Wei	–	78	11	11	100
<b>\$250,000 – \$499,999</b>					
Foo Chek Heng*	–	92	–	8	100
Foo Suay Lun	–	71	11	18	100
<b>Below \$250,000</b>					
Wong Loke Tan	100	–	–	–	100
Yeo Guat Kwang	100	–	–	–	100
Serena Lee Chooi Li	100	–	–	–	100

\* Foo Chek Heng demised on 8 August 2021.

For competitive and confidentiality reasons, the Board is of the view that it is in the best interests of the Company not to fully disclose the remuneration of each individual Director and key management personnel in dollar terms. The Company is instead disclosing the remuneration of each individual Director and key management personnel in bands of \$250,000.

A breakdown, showing the remuneration paid to the Group's top 5 key management personnel (who are not Directors or the Managing Director/CEO of the Company) for FY2021 is as follows:

	Salary & CPF	Bonus	Allowance	Total
	%	%	%	%
<b>Below \$250,000</b>				
Heng Jee Moi	100	–	–	100
Dalat Kositanon	78	15	7	100
Goh Hwee Hiong	93	7	–	100
Goh Chin Hiew	79	14	7	100
Goh Teck Soon	93	7	–	100

## CORPORATE GOVERNANCE

Details, in incremental bands of S\$100,000, of the remuneration of employees who are immediate family members of a Director or the Managing Director/CEO whose remuneration exceeds S\$100,000 for FY2021 is as follows:–

Remuneration Band	Relationship with Director or Managing Director/CEO
<b>S\$100,000 to S\$199,999</b>	
Dalat Kositanon	(1) Spouse of the late Mr Foo Chek Heng, the Company's former Managing Director/CEO (2) Mother of Mr Foo Suay Wei and Mr Foo Suay Lun, the Company's Managing Director/CEO and Executive Director respectively
<b>Below S\$100,000</b>	
Heng Jee Moi	(1) Mother of the late Mr Foo Chek Heng, the Company's former Managing Director/CEO (2) Grandmother of Mr Foo Suay Wei and Mr Foo Suay Lun, the Company's Managing Director/CEO and Executive Director respectively

For FY2021, the total remuneration paid to the Directors (both executive and non-executive) of the Group was S\$1,095,000 and the total remuneration paid to the key top 5 executives (who are not the Directors or the Managing Director/CEO) of the Company was S\$653,000.

There are no termination, retirement or any post-employment benefits to Directors and key management personnel.

The Group adopts a remuneration policy for staff comprising fixed component and a variable component. The fixed component is in the form of a base salary and the variable component is in the form of a variable bonus that is linked to the Company's and individual's performance. The management moderates and allocates the variable bonus based on the individual performance of employees and their contributions towards the achievement of Koyo's performance.

### Share Option Schemes

The KSOS was approved by Shareholders and adopted by the Company on 25 April 2011. The KSOS is administered by the RC. The duration of KSOS was subjected to a maximum period of 10 years from the date that it was adopted. During the term of the scheme, 5,565,000 options had been granted and to-date, there were no outstanding share options as at 31 December 2021. The KSOS had expired on 25 April 2021 after being in place for 10 years and the last batch of options granted in 2013 were exercised in 2018 and the Group does not intend to set up a new scheme in the near future.

### ACCOUNTABILITY AND AUDIT

#### Risk management and internal controls

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

The Board understands its responsibility to provide a balanced and understandable assessment of the Company's performance, position and progress. The Board updates shareholders on the operations and financial position of the company through half-yearly and full year announcements as well as timely announcements of other matters on the SGXNET as prescribed by the relevant rules and regulations.

The Management provides the Board with adequate and timely management accounts of the Group's performance on a regular basis in order to assist the Board in understanding the financial status and performance of the Group and for the Board to effectively discharge its duties.

## CORPORATE GOVERNANCE

The Board is responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard Shareholders' interests and the Group's assets, and to manage risks. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

### Risk Management

The Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

The Company has an Enterprise Risk Management Framework ("**ERMF**") in place for the Group. The ERMF has been reviewed by the AC and approved by the Board of Directors. Based on the ERMF, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2021 to address the risks that the Group considers relevant and material to its operations.

The Company does not have a Board Risk Committee. The Board is of the view that the AC, supported by the Management alongside the ERMF is sufficient to address risk management issues. The AC and the Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

### Internal Control

The Company continues to engage Wensen Consulting Asia (S) Pte Ltd as its internal auditor ("**IA**") to perform the Group's internal audit function. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The IA primarily reports directly to the AC and administratively to the Managing Director/CEO. The IA has adopted the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC is responsible for the hiring, removal, evaluation and compensation of the consulting firm which the internal audit function of the Company is outsourced to. The AC, on an annual basis, assesses the independence, effectiveness and adequacy of resources of the IA by examining the scope of the IA work and its independence of areas reviewed and the IA's report. The AC is satisfied that the internal audit function is independent, effective and has adequate resources and appropriate standing within the Company to undertake its activities independently and objectively.

The AC met with the IA without the presence of management once during FY2021.

The AC is satisfied that the internal audit function is staffed with qualified and experienced professionals with the relevant experience.

The IA performs detailed work to assist the AC in the evaluation of the Group's financial, operational, compliance and information technology controls based on the internal audit plan approved by the AC. Any material non-compliance or weaknesses in internal controls, including recommendations for improvements, are reported to the AC. The AC also reviews the effectiveness of actions taken by Management on the recommendations made by the IA in this respect.

The IA conducts reviews on the effectiveness of the Company's material internal control systems including financial, operational, compliance, and information technology controls on a half yearly basis. The external auditors, during the conduct of their normal audit procedures, may also report on matters relating to internal controls.

The Board has also received assurance from the Managing Director/CEO, Executive Directors and the Chief Financial Officer that:

- (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (ii) the internal controls and risk management systems of the Group are adequate and effective in addressing the Group's financial, operational, compliance and information technology control risks as at 31 December 2021.

## CORPORATE GOVERNANCE

Based on the internal controls established and maintained by the Group, ERMF established and reviewed by the AC and Management, work performed by the IA, and the statutory audit conducted by the external auditors, and the reviews performed by the Management, various Board Committees and the Board, the Board with the concurrence of the AC, is of the opinion that the internal controls and risk management systems of the Group are adequate and effective in addressing the Group's financial, operational, compliance and information technology control risks as at 31 December 2021.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group's assets are safeguarded. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard.

### Audit Committee

#### **Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.**

The AC comprises the AC Chairman, Mr Wong Loke Tan and two (2) other members, Mr Yeo Guat Kwang and Ms Serena Lee Chooi Li, all of whom (including the chairman of the AC) are Independent Non-Executive Directors. The key terms of reference of the AC includes, *inter alia*:

- (a) Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- (b) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems, including financial, operational, compliance and information technology controls;
- (c) Reviewing the assurance from the CEO, Executive Directors and CFO on the financial records and financial statements;
- (d) Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- (e) Making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (f) Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; and
- (g) Provide oversight and monitoring arrangements whereby concerns on possible financial improprieties or, other matters raised by whistle-blowers are investigated independently and appropriate follow-up action taken.

The AC comprises of:

- (i) Mr Wong Loke Tan, a highly experienced banker as the Chairman of the AC;
- (ii) Mr Yeo Guat Kwang, Assistant Director General of NTUC as a member of the AC; and
- (iii) Ms Serena Lee Chooi Li, a Director of CTLC Law Corporation as a member of the AC.

As the AC members have many years of experience in legal and finance-related matters, the Board considers that the AC members to be appropriately qualified to discharge their responsibilities. None of the AC members were previous partners or Directors of the Company's external audit firm within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or Director of the auditing corporation and none of the AC members hold any financial interest in the external audit firm.

The AC has also met with external and internal auditors, without the presence of Management, once in FY2021.

During FY2021, the external auditors has during the presentation of the audit plan also provided relevant updates relating to changes to accounting standards and issues which have a direct impact on financial statements.

## CORPORATE GOVERNANCE

Ms Serena Lee Chooi Li will be retiring at the forthcoming AGM. The Company will continue its search for a new independent Director so that the AC has at least three non-executive Directors and majority of whom are independent as per Provision 10.2 of 2018 Code. The Company will endeavour to appoint an AC member within 2 months, but in any case not later than 3 months from her date of cessation.

During FY2021, the AC has performed, *inter alia*, the following functions:

### A. External & Internal Auditors

The AC has reviewed together with the external and internal auditors:

- i. the audit plans of the external and internal auditors of the Company;
- ii. their audit reports;
- iii. the assistance given by Management to the external and internal auditors; and
- iv. the consolidated financial statements of the Group.

The AC has also reviewed the independence of the external auditors. The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors.

The aggregate amount of fees paid or payable to the external auditors during FY2021 is as follows:

Audit fees	–	S\$35,000
Non-audit fees	–	Nil

There were no non-audit services fees paid to the external auditors in FY2021 and accordingly, the AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board the re-appointment of Messrs UHY Lee Seng Chan & Co as the external auditors of the Company at the forthcoming AGM.

The Company is in compliance with Rule 712 and Rule 715 of the Catalist Rules in relation to its external auditors.

The Company has put in place a whistle-blowing policy whereby employees and external parties may raise concerns about possible improper financial reporting or other matters to Mr Wong Loke Tan, AC Chairman, via email at [francis@koyotech.com](mailto:francis@koyotech.com). The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up actions, all whistle blower reports can be sent to Mr Wong Loke Tan. All reports/complaints including the identity of the complainant will be treated as private and strictly confidential. The members will then report to the Chairman of the AC. The whistle-blowing procedures are clearly communicated to employees during the induction meeting. The AC is responsible for oversight and monitoring of whistleblowing. During FY2021, there was no incident of concern reported to the AC.

### B. Review of financial statements

The half-yearly and full-year announcements are presented to the AC for approval, before endorsement by the Board, to ensure the integrity of information to be released.

During the financial year, the AC reviewed the half-year and full-year financial statements of the Company and the Group, including announcements relating thereto, released to Shareholders via SGXNET. The AC shall continue to review the financial statements of the Company and the Group on a half-yearly basis.

In the review of the financial statements for FY2021, the AC had discussed with the Management and the external auditors on changes to accounting standards and significant issues and assumptions that impact the financial statements. The most significant matters had also been included in the Independent Auditor's Report to Shareholders under "Key Audit Matters". Following the review, the AC concurred and agreed with the external auditors and the Management on their assessment, judgements and estimates on the Key Audit Matters reported by the external auditors. The Board had approved the financial statements.

# CORPORATE GOVERNANCE

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

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

Shareholders are informed of general meetings through the announcements released to the SGXNET and on the Company's corporate website, to ensure fair dissemination to shareholders.

In line with the safe-distancing measures and regulations imposed by the Singapore Government to curb the further spread of Covid-19, the forthcoming AGM to be held in respect of FY2021 will be convened and held by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and as amended by Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders)(Amendment No.2) Order 2020 and the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders)(Amendment No.3) Order 2020 (the "**Alternative Arrangements**"). The Alternative Arrangements relating to attendance at the AGM via electronic means i.e. live audiovisual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to or at the AGM (if any) and appointing the Chairman of the Meeting as the Proxy at the AGM, will be in place.

For the forthcoming AGM, the printed copies of the notice of general meetings ("**Notice**") and the Company's annual report for the financial year ended 31 December 2021 ("**Annual Report**") including appendixes, circular(s) and proxy form will not be despatched to the shareholders, instead, these are made available to members solely by electronic means via publication on the SGXNET URL: <https://www.sgx.com/securities/company-announcement>, via publication on the Company's corporate website, <http://www.koyotech.com> and the following URL: <https://koyointlagm2022.investor.exchange/>. This link will be available to shareholders from 11 April 2022 onwards.

Shareholders are given the opportunity to participate effectively in and to vote at general meetings of shareholders.

An independent scrutineer is appointed by the Company for general meetings. Rules, including the voting procedures that govern the general meetings, will be explained to shareholders.

Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. All the resolutions at the general meetings are single item resolutions.

The Chairman of the Board and the respective chairpersons of the Board Committees are present and available to address questions at the general meetings. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation of the auditors' report. The attendance of the Directors at the general meetings held during the financial year is disclosed in the Company's Annual Report.

Registered shareholders including corporations and custodial services providers who are unable to attend, are allowed to appoint up to two (2) proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. This allows shareholders who hold shares through corporations to attend and participate in the AGM via proxies. The Companies Act allows certain members who are relevant intermediaries (the meaning ascribed to it in Section 181 of the Companies Act 1967 such as corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of CPF investors, to appoint multiple proxies to attend and participate in the general meetings.

## CORPORATE GOVERNANCE

Voting by absentia by mail, facsimile or email is currently not provided in the Company's Constitution as such voting methods would need to be cautiously studied for its feasibility to ensure that the integrity of the information and the authenticity of the shareholder's identity is not compromised.

Notwithstanding that voting by absentia is not provided for in the Company's Constitution, in view of the Alternative Arrangements for the COVID-19 situation, shareholders who wish to vote at the Company's forthcoming FY2021 AGM must submit their proxy form appointing the Chairman of the AGM as proxy to vote on their behalf. Please refer to the Notice of AGM and Proxy Form for the details on the arrangement for the Company's FY2021 AGM to be held by way of electronic means.

The Company will publish the minutes of general meetings of shareholders on the SGX website via SGXNET and the Company's website within one month after the general meeting.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on various factors including (a) the level of available cash; (b) the return on equity and retained earnings; (c) projected level of capital expenditure and other investment plans and other factors as the Directors may deem appropriate. No dividend has been declared or recommended in respect of FY2021 to conserve the Company's cash resources for upcoming projects.

### Engagement with Shareholders

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

The Company believes in high standards of transparent corporate disclosure and is committed to disclose all major developments that may have a material impact on the Group to its shareholders, in a timely and fair manner via SGXNET and/or the Company's corporate website, as required by the Catalist Rules. The Company ensures that price-sensitive information is publicly released, and is announced within the mandatory period.

Communication is made, using electronic communications, via SGXNET through, *inter alia*:

- Annual report that is prepared and sent to all shareholders by publishing on the Company's corporate website. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards (International);
- Half-yearly and full-year announcements containing a summary of the financial information and affairs of the Group for that period; and
- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("**EGMs**").

The Company's website at <http://www.koyotech.com> at which our shareholders can access financial information and profile of the Group.

The Company does not have a dedicated investor relations team, as communications with shareholders is the responsibility of the Management.

The Board welcomes the views of shareholders on matters affecting the Company whether at a shareholders' meeting or on an ad hoc basis. However, due to the current Covid-19 restriction orders that have been put in place, alternative arrangements pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 have been put in place for the forthcoming FY2021 AGM. Shareholders will hence not be able to ask questions during the live webcast, and therefore it is important for shareholders who wish to ask questions to submit their questions in advance. A shareholder of the Company may submit

# CORPORATE GOVERNANCE

questions relating to resolutions to be tabled for approval at the AGM or the Company's businesses and operations no later than 18 April 2022. The Company shall only address relevant and substantial questions prior to or of the general meeting and will endeavour to publish its response to those questions on the SGXNET and the Company's website on 20 April 2022. After the cut-off time for the submission of questions, if there are substantial and relevant questions received, the Board may address them at the AGM.

All resolutions are put to vote by poll in all its general meetings and is integral in the enhancement of corporate governance. For cost effectiveness, the voting of the resolutions at the general meetings are conducted by manual polling and their detailed results are announced at the meeting. The outcome of the general meeting is promptly announced via SGXNET after the general meeting.

## Engagement with Stakeholders

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

The Company has undertaken the process in identifying its stakeholders and material aspects relevant to the Group's business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. The key stakeholders include, but are not limited to employees, suppliers & service providers, investors & shareholders, customers and regulators. The Company had adopted both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into the Company's corporate strategies to achieve mutually beneficial relationships. The Company has disclosed its engagement platforms with the stakeholders in the Company's sustainability report for FY2021, which is included in this Annual Report.

The Company maintains their website at <http://www.koyotech.com> to communicate and engage with stakeholders. On the website, stakeholders can find explanations about our expertise, our Company Profile, career opportunities, Annual Reports and other information.

## ADDITIONAL INFORMATION

### Dealing in Securities

In compliance with Rule 1204(19) of the Catalist Rules, the Company has adopted a set of code of conduct to provide guidance to its officers regarding dealings in the Company's securities.

The Company and its officers are not allowed to deal in the Company's securities during the period commencing one (1) month before the announcement of the Company's full year or half-year financial results and ending on the date of the announcement of such results and at any time they are in possession of unpublished material price sensitive information in relation to these securities. Directors and officers are also expected to observe insider trading laws at all times (including the permitted trading periods) or when they are in possession of unpublished price-sensitive information and advised not to deal in the Company's securities on short-term considerations.

### Risk Management

The Company is continually reviewing and improving the business and operational activities to take into account the risk management perspective. This includes reviewing management and manpower resources, updating work flows, processes and procedures to meet the current and future market conditions.

### Interested Person Transactions

The Group has procedures governing all interested person transactions ("IPT") to ensure that they are properly documented and reported in a timely manner to the AC and that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

## CORPORATE GOVERNANCE

There were no IPTs that were S\$100,000 and above during FY2021.

The Group does not have a general mandate from shareholders for the recurrent IPT.

### Non-Sponsor Fees

There were no non-sponsor fees paid/payable to PrimePartners Corporate Finance Pte. Ltd. during FY2021.

### Material Contracts

Save for the services agreements entered into with the Executive Directors (and disclosed on Page 30), there were no material contracts entered into by the Group involving the interests of the CEO, the Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

### Information for the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(5) of the Catalyst Rules:

Details	Name of Retiring Director
	Foo Suay Lun
Date of Appointment	1 June 2018
Date of last re-appointment (if applicable)	29 April 2019
Age	35
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Foo Suay Lun's contribution as Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Take charge of the operations and business of Koyo International Limited (" <b>Koyo</b> ") and its subsidiaries.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director
Professional qualifications	Bachelor of Engineering Mechanical Degree Master of Science in Energy and Environment Technology and Economies Member of the Institute of Engineers Singapore
Working experience and occupation(s) during the past 10 years	2013 to 31 May 2018 – Project Manager, Koyo Engineering (S.E. Asia) Pte. Ltd. ("Koyo Engineering") 2008 to 2008 – Assistant Engineer, Koyo Engineering Mr Foo Suay Lun was appointed to the Board of Koyo as Executive Director on 1 June 2018.
Shareholding interest in the listed issuer and its subsidiaries	Mr Foo Suay Lun is deemed interested in 49,449,500 shares held by Salix Capital Pte. Ltd. which is 100% owned by Mr Foo Suay Lun.

## CORPORATE GOVERNANCE

Details	Name of Retiring Director	
	Foo Suay Lun	
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<p>Son of the late Mr Foo Chek Heng, former Managing Director</p> <p>Brother of Mr Foo Suay Wei, Managing Director/CEO of Koyo.</p> <p>Son of Mdm Dalat Kositanon, an existing executive officer of Koyo</p>	
Conflict of interest (including any competing business)	Nil	
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	
Other Principal Commitments Including Directorships	<b>Past (for the last 5 years)</b>	
	Nil	
	<b>Present</b>	
	The Canopy Café Pte. Ltd.	
<b>The general statutory disclosures of the Directors are as follows:</b>		
a.	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a Director or an equivalent person or a key executive, at the time when he was a Director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a Director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c.	Whether there is any unsatisfied judgment against him?	No
d.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No

## CORPORATE GOVERNANCE

Details		Name of Retiring Director
		Foo Suay Lun
e.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f.	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g.	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h.	Whether he has ever been disqualified from acting as a Director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No

## CORPORATE GOVERNANCE

Details		Name of Retiring Director
		Foo Suay Lun
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	No
iv.	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,  in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

Information required Disclosure applicable to the appointment of Director only.	
Details	
Name of Retiring Director	
Foo Suay Lun	
Any prior experience as a Director of an issuer listed on the Exchange?	Not Applicable This is a re-election of a Director.
If yes, please provide details of prior experience.	Not Applicable
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 Exchange.	Not Applicable

## FINANCIAL CONTENTS

44	Directors' Statement
49	Independent Auditor's Report
53	Consolidated Statement of Profit or Loss and Other Comprehensive Income
54	Statements of Financial Position
55	Consolidated Statement of Changes in Equity
57	Consolidated Statement of Cash Flows
58	Notes to the Financial Statements

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors are pleased to present their statement to the members together with the audited financial statements of Koyo International Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2021.

## 1. Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

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

Foo Suay Wei  
 Foo Suay Lun  
 Yeo Guat Kwang  
 Wong Loke Tan  
 Serena Lee Chooi Li

## 3. Arrangements to enable directors to acquire shares or debentures

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

## 4. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of nominee			Holdings registered in name of director		
	At	At	At	At	At	At
	<u>21.01.2022</u>	<u>31.12.2021</u>	<u>01.01.2021</u>	<u>21.01.2022</u>	<u>31.12.2021</u>	<u>01.01.2021</u>
<b>Company</b> (No. of ordinary shares)						
The estate of Foo Chek Heng (Demised on 8 August 2021)	400,000	400,000	400,000	72,725,500	72,725,500	72,725,500
Foo Suay Lun	49,449,500	49,449,500	49,449,500	–	–	–
Yeo Guat Kwang	–	–	–	790,000	790,000	790,000
Serena Lee Chooi Li	1,500,000	1,500,000	1,500,000	–	–	–

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. Directors' interests in shares and debentures (Continued)

The estate of Mr Foo Chek Heng, who by virtue of his interest of not less than 20% of the issued capital of the Company is deemed to have an interest in the share capital of the Company's wholly owned subsidiaries.

Mr Foo Suay Lun, who by virtue of his deemed interest of not less than 20% of the issued capital of the Company, via the shares held by Salix Capital Pte Ltd, which is 100% owned by Mr Foo Suay Lun, is deemed to have an interest in the share capital of the Company's wholly owned subsidiaries.

## 5. Share options

### (a) Options to take up unissued shares

#### Koyo International Employee Share Option Scheme 2011 ("KSOS")

On 25 April 2011, shareholders approved the KSOS for the Group's employees, executive directors and non-executive directors who satisfy the eligibility criteria of the KSOS. The KSOS had expired on 25 April 2021 and the last batch of options granted in 2013 had all been exercised in 2018. There was no outstanding share option for KSOS as at 31 December 2021.

Please refer to 5(d) for details.

### (b) Options exercised

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

### (c) Unissued shares under option

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5. Share options (Continued)

### (d) Koyo International Employee Share Option Scheme 2011 ("KSOS") (Continued)

Details of the Options granted to directors and/or controlling shareholders and employees of the Company pursuant to the KSOS are as follows:

Name of participants	Exercise period	No. of Ordinary Shares of the Company under Option					Exercise price \$
		Options granted in the financial year 31.12.2021	Aggregate options granted since commencement of KSOS to 31.12.2021	Aggregate options exercised since commencement of KSOS to 31.12.2021	Aggregate options lapsed since commencement of KSOS to 31.12.2021	Aggregate options outstanding as at 31.12.2021	
Foo Chek Heng (Demised on 8 August 2021) – Former Executive director	2013 – 2016 <sup>(1)</sup>	–	2,865,000	(2,865,000)	–	–	0.04
Serena Lee Chooi Li – Non-executive director	2013 – 2016 <sup>(1)</sup>	–	500,000	–	(500,000)	–	0.04
Yeo Guat Kwang – Non-executive director	2013 – 2016 <sup>(1)</sup>	–	500,000	(500,000)	–	–	0.04
Key executives	2013 – 2016 <sup>(1)</sup>	–	800,000	(800,000)	–	–	0.04
Key executives	2015 – 2018 <sup>(2)</sup>	–	400,000	(400,000)	–	–	0.053
Lee Chen Chong – Former non-executive Chairman (Resigned on 1 January 2017)	2013 – 2016 <sup>(1)</sup>	–	500,000	(500,000)	–	–	0.04
<b>Total</b>		–	5,565,000	(5,065,000)	(500,000)	–	

Notes:

- (1) Pertaining to 2011 Options
- (2) Pertaining to 2013 Options

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. Audit committee

The Audit Committee ("AC") comprises the following members:

Wong Loke Tan (Chairman)  
Yeo Guat Kwang  
Serena Lee Chooi Li

All members of the AC were independent and non-executive directors.

The AC carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, including the following:

- Reviewed the audit plans of the Company's internal and external auditors, the internal and external auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's and the Company's management to the external and internal auditors;
- Reviewed the half yearly announcement and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors (the "**Board**");
- Reviewed effectiveness of the Group's and the Company's material internal controls, including financial, operational, compliance and information technology controls and their risk management via reviews carried out by the internal auditor.
- Met with the external auditor and internal auditors at least once annually, to discuss any problem and concern they may have;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements related compliance policies and regulations and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Made recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- Reviewed the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;
- Provide oversight and monitoring arrangements whereby concerns on possible financial improprieties or, other matters raised by whistle-blowers are investigated independently and appropriate follow-up action taken; and
- Reviewed and approved interested person transactions in accordance with the requirements of the SGX-Listing Manual, Section B: Rules of Catalyst.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. Audit committee (Continued)

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

## 7. Independent auditor

The independent auditor, UHY Lee Seng Chan & Co, has expressed its willingness to accept re-appointment.

On behalf of the board of directors

---

Foo Suay Wei  
Director

---

Wong Loke Tan  
Director

11 April 2022

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOYO INTERNATIONAL LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Koyo International Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for Opinion

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOYO INTERNATIONAL LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## Key Audit Matters

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

Key Audit Matter	How the matter was addressed in our audit
<p><b>Construction contracts and facilities management</b></p> <p>The Group's revenue for the financial year ended 31 December 2021 comprise construction contracts and facilities management.</p> <p>For construction contracts, the Group recognises revenue overtime using the input and output method for measuring progress for different performance obligations and for different contracts that best depicts the transfer the goods or services to the customer.</p> <p>For construction project measured using input method, the performance obligation milestone is measured based on actual costs incurred to-date relative to the total budgeted costs for each project.</p> <p>For construction project measured using output method, the performance obligation milestone is measured by reference to the value of work done certified by a third-party assessor (i.e. work done certified by the quantity surveyor, consultants or acknowledgement by customers).</p> <p>Similarly, for facilities management, the performance obligation milestone is measured by reference to the value of work performed as indicated in the work service order which is to be acknowledged/certified by the customers.</p> <p>The uncertainty and subjectivity involved in determining the budgeted cost and progress towards completion including variation orders and claims may have a significant impact on the amount of revenue recognised and the results of the Group, including the provision of onerous contract. As such, we determined this to be a key audit matter.</p> <p>The key assumptions to the estimate of total construction revenue, variation or claims as contract revenue are disclosed in Note 3.2(a).</p>	<p>Our audit procedures included but not limited to the followings:</p> <ul style="list-style-type: none"> <li>• Traced total contract sums to contracts and variation orders entered into by the Group with its customers;</li> <li>• Reviewed the contractual terms and conditions and verified the costs incurred against underlying supporting documents;</li> <li>• Assessed the reasonableness of the revenue recognised via discussions with the project teams and obtaining corroborating evidence such as correspondence with the customers; and</li> <li>• Assessed the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs.</li> </ul> <p>For construction project measured using output method:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the projects under construction through discussions with management and examination of project documentation (including contracts and correspondence with customers).</li> <li>• Checked the contract revenue recognised to the value of work done certified by a third-party assessor.</li> </ul> <p>For construction project measured using input method:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues, total budgeted costs and profit margin on a sample basis.</li> <li>• Checked the contracts revenue recognised to the stage of completion of each project measured by reference to contract costs incurred for work performed to date relative to the estimated total budgeted cost.</li> <li>• Assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOYO INTERNATIONAL LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

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

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOYO INTERNATIONAL LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

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

- 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.

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

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

## **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Lee Sen Choon.

### **UHY Lee Seng Chan & Co**

Public Accountants and  
Chartered Accountants

### **Singapore**

11 April 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	<b>Note</b>	<b>2021 \$'000</b>	<b>Group 2020 \$'000 (Restated) [Note 30]</b>
Revenue	4	<b>28,043</b>	17,709
Cost of construction	5	<b>(22,253)</b>	(12,057)
Gross profit		<b>5,790</b>	5,652
Other income	7	<b>1,980</b>	2,173
Expenses			
– Selling and distribution	5	<b>(127)</b>	(71)
– Administrative	5	<b>(7,488)</b>	(6,308)
– Allowance for expected credit losses	12	<b>(23)</b>	(6)
– Other operating	5	<b>(1,093)</b>	(117)
– Finance	5	<b>(37)</b>	(17)
(Loss)/profit before income tax		<b>(998)</b>	1,306
Income tax (expense)/benefit	8(a)	<b>95</b>	(37)
<b>Net (loss)/profit</b>		<b>(903)</b>	1,269
<b>Other comprehensive income/(loss):</b>			
Items that will not be reclassified to profit or loss:			
Net fair value gains/(losses) on equity instruments at fair value through other comprehensive income	20(b)(i)	<b>2</b>	(4)
Revaluation gains on leasehold property	20(b)(iii)	<b>1,909</b>	–
<b>Other comprehensive gain/(loss), net of tax</b>		<b>1,911</b>	(4)
<b>Total comprehensive income</b>		<b>1,008</b>	1,265
<b>(Loss)/profit attributable to:</b>			
Equity holders of the Company		<b>(903)</b>	1,269
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>1,008</b>	1,265
<b>(Losses)/Earnings per share for (loss)/profit attributable to equity holders of the Company (cents per share)</b>			
– Basic	9	<b>(0.48)</b>	0.67
– Diluted	9	<b>(0.48)</b>	0.67

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 \$'000	Group 2020 \$'000 (Restated) [Note 30]	2019* \$'000	Company 2021 \$'000	2020 \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and bank balances	10	13,323	17,763	23,505	425	1,486
Trade and other receivables	12	6,087	4,805	1,874	7	72
Contract assets	13(i)	4,524	2,759	1,365	-	-
Inventories		36	-	13	-	-
Deferred income tax assets	8(c)	140	-	-	-	-
		<b>24,110</b>	<b>25,327</b>	<b>26,757</b>	<b>432</b>	<b>1,558</b>
<b>Non-current assets</b>						
Other financial assets	11	678	18	22	658	-
Investments in subsidiaries	14	-	-	-	28,450	28,450
Property, plant and equipment	15	7,034	3,940	881	81	162
		<b>7,712</b>	<b>3,958</b>	<b>903</b>	<b>29,189</b>	<b>28,612</b>
<b>Total assets</b>		<b>31,822</b>	<b>29,285</b>	<b>27,660</b>	<b>29,621</b>	<b>30,170</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Lease liabilities	18	1,815	535	39	-	-
<b>Current liabilities</b>						
Trade and other payables	16	7,047	5,858	5,022	935	1,102
Provision for onerous contract	17	828	-	-	-	-
Contract liabilities	13(ii)	-	1,702	2,577	-	-
Lease liabilities	18	266	277	170	-	22
Current income tax liabilities	8(b)	110	70	84	-	-
		<b>8,251</b>	<b>7,907</b>	<b>7,853</b>	<b>935</b>	<b>1,124</b>
<b>Total liabilities</b>		<b>10,066</b>	<b>8,442</b>	<b>7,892</b>	<b>935</b>	<b>1,124</b>
<b>NET ASSETS</b>		<b>21,756</b>	<b>20,843</b>	<b>19,768</b>	<b>28,686</b>	<b>29,046</b>
<b>EQUITY</b>						
<b>Capital and reserves attributable to equity holders of the Company</b>						
Share capital	19(a)	4,477	4,477	4,477	40,072	40,072
Treasury shares	19(b)	(630)	(630)	(630)	(630)	(630)
Other reserves	20	1,646	(265)	(261)	-	-
Retained profits/(accumulated losses)	21	16,263	17,261	16,182	(10,756)	(10,396)
<b>Total equity</b>		<b>21,756</b>	<b>20,843</b>	<b>19,768</b>	<b>28,686</b>	<b>29,046</b>

\* As at 31 December 2019 and 1 January 2020

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to equity holders of the Company				Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Retained profits \$'000	
<b>2021</b>						
<b>At 1 January (restated) [Note 30]</b>		4,477	(630)	(265)	17,261	20,843
Loss for the year		-	-	-	(903)	(903)
Other comprehensive income		-	-	2	-	2
Net fair value gains on equity securities at fair value through OCI		-	-	1,909	-	1,909
Net fair value gain on leasehold property		-	-	1,911	(903)	1,008
<b>Total comprehensive income for the year</b>		-	-	1,911	(903)	1,008
Contribution by and distributions to owners	22	-	-	-	(95)	(95)
Dividends		-	-	-	(95)	(95)
<b>Total contributions by and distributions to owners representing total transactions with owners in their capacity as owners</b>		-	-	-	(95)	(95)
<b>At 31 December</b>		4,477	(630)	1,646	16,263	21,765

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to equity holders of the Company				Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Retained profits \$'000 (Restated) [Note 30]	
<b>2020</b>						
<b>At 1 January</b>		4,477	(630)	(261)	16,182	19,768
Profit for the year		-	-	-	1,269	1,269
Other comprehensive income		-	-	(4)	-	(4)
Net fair value losses on equity securities at fair value through OCI		-	-	(4)	-	(4)
<b>Total comprehensive income for the year</b>		-	-	(4)	1,269	1,265
Contribution by and distributions to owners	22	-	-	-	(190)	(190)
Dividends		-	-	-	(190)	(190)
<b>Total contributions by and distributions to owners representing total transactions with owners in their capacity as owners</b>		-	-	-	(190)	(190)
<b>At 31 December</b>		4,477	(630)	(265)	17,261	20,843

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	<b>Note</b>	<b>2021 \$'000</b>	<b>Group 2020 \$'000 (Restated) [Note 30]</b>
<b>Cash flows from operating activities</b>			
Net (loss)/profit		<b>(903)</b>	1,269
Adjustments for:			
– Income tax (benefit)/expense	8(a)	<b>(95)</b>	37
– Depreciation of property, plant and equipment	5	<b>1,173</b>	630
– Allowance for expected credit losses		<b>23</b>	6
– Dividend income from financial assets, at FVPL		<b>(5)</b>	–
– Fair value gains on financial asset, at FVPL		<b>(19)</b>	–
– Exchange gain on financial asset, at FVPL		<b>(2)</b>	–
– Interest expenses		<b>37</b>	17
– Interest income	7	<b>(53)</b>	(186)
– Loss/(Profit) on disposal of property, plant and equipment	5,7	<b>9</b>	(41)
– Provision for onerous contract	5	<b>828</b>	–
		<b>993</b>	1,732
Changes in working capital:			
– Inventories		<b>(36)</b>	13
– Trade and other receivables, contract assets		<b>(3,087)</b>	(4,401)
– Trade and other payables, contract liabilities		<b>(513)</b>	(39)
<b>Cash used in operations</b>		<b>(2,643)</b>	(2,695)
Income tax paid		<b>(5)</b>	(51)
<b>Net cash used in operating activities</b>		<b>(2,648)</b>	(2,746)
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment ( <b>Note A</b> )		<b>(812)</b>	(2,902)
Proceeds from disposal of property, plant and equipment		<b>14</b>	46
Investment in financial assets, at FVPL		<b>(632)</b>	–
Interest income received		<b>70</b>	256
<b>Net cash used in investing activities</b>		<b>(1,360)</b>	(2,600)
<b>Cash flows from financing activities</b>			
Secured bank deposits pledged to banks		<b>(3)</b>	(5)
Interest paid		<b>(37)</b>	(17)
Principal payment of lease liabilities		<b>(300)</b>	(189)
Dividends paid to equity holders of the Company	21	<b>(95)</b>	(190)
<b>Net cash used in financing activities</b>		<b>(435)</b>	(401)
<b>Net decrease in cash and cash equivalents</b>		<b>(4,443)</b>	(5,747)
Cash and cash equivalents at 1 January		<b>16,643</b>	22,390
<b>Cash and cash equivalents at 31 December</b>	10	<b>12,200</b>	16,643

**Note A:**

During the financial year ended 31 December 2021, the Group acquired property, plant and equipment with an aggregate cost of \$912,000 (2020: \$3,694,000), of which \$100,000 (2020: \$792,000) was acquired under leases and the remaining \$812,000 (2020: \$2,902,000) via cash payment.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General information

Koyo International Limited (“Company”) is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore. The address of its registered office is 53 Ubi Avenue 3, #02-01, Singapore 408863.

The principal activities of the Company are those of investment holding and business of providing integrated mechanical and electrical engineering (“M&E”) services.

The principal activities of its subsidiaries are disclosed in Note 14 to the financial statements.

## 2. Significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### 2.2 Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group and the Company have adopted the new or amended SFRS(I)s that are effective for financial year beginning on or after 1 January 2021. The adoption of the new SFRS(I)s did not result in any significant changes to the accounting policies and had no material effect on the amounts reported for the current or prior financial years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendment to SFRS(I) 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I)1- 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
Amendments to SFRS(I) 3 Business Combinations: Reference to the Conceptual Framework	1 January 2022

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

### 2.4 Revenue recognition

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.4 Revenue recognition (Continued)

The following specific recognition criteria must also be met before revenue is recognised.

(a) *Contract revenue from:*

(i) *Construction contracts and Facilities management*

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 overtime 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.

Revenue from facilities management is recognised when the services have been performed and rendered to the customer.

(ii) *Contract assets and contract liabilities*

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

The Group becomes entitled to invoice customers for services based on achieving a series of performance-related milestones acknowledged by customer.

(b) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.5 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

### 2.6 Group accounting

#### (a) *Subsidiaries*

##### (i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### (ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiaries or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiaries measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.6 Group accounting (Continued)

(a) *Subsidiaries (Continued)*

(ii) *Acquisitions (Continued)*

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) *Loss of Control*

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

(b) *Reverse acquisition*

The acquisition of the Acquired Group (Note 19(a)) has been accounted for as a reverse acquisition and the Acquired Group is considered the acquirer for accounting purposes. Accordingly, the statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows are those of the Acquired Group's consolidated financial statements.

Since such consolidated financial statements represent a continuation of the Acquired Group:

- (i) the assets and liabilities of the Acquired Group are recognised and measured in the Statement of financial position at their pre-acquisition carrying amount and assets and liabilities of the Company are recognised at their fair values;
- (ii) the retained profits and other equity balances (except for share capital) recognised in those consolidated financial statements are those of the Acquired Group immediately before the acquisition;
- (iii) the amount recognised as issued equity instruments in those consolidated financial statements is the issued equity of the Acquired Group immediately before the acquisition plus the costs of the acquisition calculated from the perspective of the Company. However, the equity structure appearing on those consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the Company, including the equity instruments issued by the Company to reflect the combination;
- (iv) consolidated financial statements prepared following a reverse acquisition shall reflect the fair value of the assets, liabilities and contingent liabilities of the Company. Therefore, the cost of the business combination for the acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the Company that satisfy the recognition criteria. The excess of the cost of the combination over the Acquired Group's interest in the net fair value is recognised as goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.7 Property, plant and equipment

#### (a) Measurement

##### (i) Land and buildings

Land and buildings are initially recognised at cost. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the assets.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase is recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

##### (ii) Other Property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### (b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Office equipment and tools	5 years
Furniture and fittings	5 years
Motor vehicles	5 years
Computers	1 year
Renovation	5 years
Leasehold properties	1.17 to 24.7 years
Machinery and equipment	5 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.7 Property, plant and equipment (Continued)

#### (b) Depreciation (Continued)

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate. The effects of any revision are recognised in profit or loss when the changes arise.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

### 2.8 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.9 Impairment of non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.10 Financial assets

#### (a) *Classification and measurement*

Financial assets are classified in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”); and
- Fair value through profit or loss (“FVPL”).

The classification depends on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### 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.

#### At subsequent measurement

##### (i) *Debt instruments*

Debt instruments mainly comprise cash and cash equivalents and trade and other receivables.

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 amortised cost, FVOCI and FVPL. The Group only has debt instruments at 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 derecognised or impaired, and through the amortisation process.

##### (ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gains and losses”, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as “fair value gains/losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.10 Financial assets (Continued)

#### (b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 26(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

### 2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. 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, 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 which could affect debtors' ability to pay.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.11 Impairment of financial assets (Continued)

The Group considers a financial asset in default when contractual payments are 60 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.

### 2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.13 Financial guarantees

The Company has issued corporate guarantees to banks for banking facilities for its subsidiaries. In the event the subsidiaries utilise these banking facilities, these guarantees will be financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) amount initially recognised the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

### 2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.15 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices on the last working day of the financial year. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.16 Leases

(a) *When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.16 Leases (Continued)

(a) *When the Group is the lessee: (Continued)*

- Lease liabilities (Continued)

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contains both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term leases and low value assets

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value assets. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(b) *When the Group is the lessor:*

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.16 Leases (Continued)

(b) *When the Group is the lessor: (Continued)*

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognised as income in profit or loss when earned.

### 2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

### 2.18 Inventories

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.19 Provisions

Provisions are recognised when the Company 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 cost.

### 2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### (b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued to the employees.

#### (c) *Employees leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

#### (d) *Profit sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit before income tax. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Significant accounting policies (Continued)

### 2.21 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

All other foreign exchange gains and losses impacting profit or loss are presented in profit or loss within “Other income”, if any.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

### 2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value less the portion that are pledged as securities for the banking facilities of the Group.

### 2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.25 Treasury shares

The Group’s own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

### 2.26 Dividends to Company’s shareholders

Dividends to the Company’s shareholders are recognised when the dividends are approved for payment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 3.1 Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2 to the financial statements, management is of the opinion that there are no significant judgements made, apart from those involving estimations as detailed in Note 3.2, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 3.2 Key sources of estimation uncertainty

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

The Group based its assumptions and estimate on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future development however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumption when they occur.

#### (a) *Revenue recognition on construction contracts*

The Group recognises contract revenue over time by reference to the Group's progress towards completing the performance obligation in the contract. The measurement of the progress is determined 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.

For input method, significant judgements are used to estimate these total contract costs to complete and total contract consideration. In making these estimates, management has relied on the expertise of the project directors/managers to determine the progress of the construction and also on past experience of completed projects.

For output method, the recognition of construction revenue and costs requires significant management assumptions, judgements and estimates in determining the percentage of the survey of work performed and determining the total contract costs to complete, which were used to determine the provision for onerous contracts and when it is probable that the total contract costs would exceed the total contract revenue and remaining costs. In addition, significant judgements and estimates are required to determine the likelihood of the approvals of the contract modifications by the customers and the final approved amounts.

Management has assessed and is of the view that the provision for onerous contracts of \$828,000 (Note 17) as at the end of the reporting period is appropriate and adequate.

The carrying amounts of contract assets and contract liabilities arising from construction contracts and facilities management at the end of the reporting period are \$4,524,000 and \$nil (2020: \$2,759,000 and \$1,702,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. Critical accounting estimates, assumptions and judgements (Continued)

### 3.2 Key sources of estimation uncertainty (Continued)

(b) *Provision for expected credit losses ("ECLs") of trade receivables and contract assets*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 26(b).

The carrying amounts of trade receivables and contract assets at the end of the reporting period were \$3,962,000 (2020: \$2,973,000) and \$4,524,000 (2020: \$2,759,000) respectively.

(c) *Revaluation of leasehold property*

The leasehold property of the Group are measured at revalued amounts, with changes in fair value being recognised in OCI. The Group engaged real estate valuation experts to assess fair value as at 31 December 2021. The fair values of leasehold property is determined by independent real estate valuation experts using the direct comparison method.

The carrying amount of the Company's leasehold property as at 31 December 2021 was \$5,650,000 (2020: \$2,997,000).

## 4. Revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 28).

A disaggregation of the Group's revenue for the year is as follows:

	<b>2021</b>	<b>Group</b>
	<b>\$'000</b>	2020 \$'000 (Restated) [Note 30]
<b>Construction contracts</b>		
Mechanical (Singapore)		
– At a point in time	<b>5</b>	2
– Over time	<b>12,446</b>	7,180
Electrical (Singapore)		
– Over time	<b>7,765</b>	2,026
	<b>20,216</b>	9,208
<b>Facilities management (Singapore)</b>		
– At a point in time	<b>67</b>	8
– Over time	<b>7,741</b>	8,493
	<b>7,808</b>	8,501
<b>Investment holding</b>		
– At a point in time	<b>19</b>	–
	<b>28,043</b>	17,709

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5. Expenses by nature

	<b>Note</b>	<b>Group</b>	2020
		<b>2021</b>	\$'000
		<b>\$'000</b>	\$'000
Fees on audit services paid/payable to:			
– auditor of the Company		<b>35</b>	35
– fee for internal audit		<b>12</b>	12
Purchases of construction material		<b>5,718</b>	1,773
Subcontractor charges		<b>12,680</b>	6,703
Worksite expenses		<b>245</b>	104
Depreciation of property, plant and equipment	15	<b>1,173</b>	630
Employee compensation	6	<b>8,841</b>	8,210
Professional fee		<b>186</b>	139
Provision for onerous contract	17	<b>828</b>	–
Insurance		<b>129</b>	103
Lease expense		<b>331</b>	473
Loss on disposal of PPE		<b>9</b>	–
Upkeep of motor vehicles and transportation		<b>174</b>	171
Outsourced supporting services		<b>117</b>	–
Others		<b>483</b>	200
		<hr/> <b>30,961</b> <hr/>	<hr/> 18,553 <hr/>
Total cost of construction, selling and distribution, administrative and other operating expenses			
<b>Finance costs</b>			
Interest expense on:			
– Lease liabilities	23(c)	<b>37</b>	17

## 6. Employee compensation

	<b>2021</b>	<b>Group</b>	2020
	<b>\$'000</b>		\$'000
Wages, salaries and short-term employee benefits	<b>8,534</b>		7,876
Employer's contribution to Central Provident Fund (Note 5)	<b>307</b>		334
	<hr/> <b>8,841</b> <hr/>		<hr/> 8,210 <hr/>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 7. Other income

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Interest income		
– Bank deposits	<b>53</b>	186
Government grant		
– Job Support Scheme (“JSS”) <sup>(1)</sup>	<b>476</b>	896
– Waiver/rebate foreign worker levy <sup>(2)</sup>	<b>308</b>	898
– BCA – Covid-Safe firm support	<b>–</b>	42
– Special Employment Credit (“SEC”)	<b>7</b>	12
– Covid-19 Temporary Measures Act (“COTMA”) relief <sup>(3)</sup>	<b>836</b>	–
– Wage credit from IRAS	<b>27</b>	20
– Enterprise grant	<b>20</b>	20
– Job growth incentive (JGI)	<b>38</b>	–
Rental waiver	<b>–</b>	17
Sales of scrap materials	<b>78</b>	18
Rental income from leasehold property	<b>97</b>	–
Dividend received from financial assets, at FVPL	<b>5</b>	–
Exchange gain on financial assets, at FVPL	<b>2</b>	–
Gain on disposal of property, plant and equipment	<b>–</b>	41
Other	<b>33</b>	23
	<b>1,980</b>	2,173

Interest income is recognised using the effective interest method.

- <sup>(1)</sup> The Jobs Support Scheme provides wage support to employers to help them retain their local employees during this period of economic uncertainty arising from the on-going Covid-19 pandemic. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.
- <sup>(2)</sup> The Singapore Government provided business employers who hire foreign workers on work permits and S-passes with Foreign Worker Levy (FWL) waiver and FWL rebates to ease the labour costs of such firms during the Covid-19 pandemic.
- <sup>(3)</sup> Building and Construction Authority with respected to public sector approach for Covid-19 (Temporary Measures) Act 2020 Part 10A – relief for construction contracts affected by increase in foreign manpower salary cost to support increased foreign manpower salary costs.

## 8. Income tax

- (a) Income tax expense/(benefit)

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax	<b>–</b>	67
Deferred income tax [Note 8(c)]	<b>(140)</b>	–
	<b>(140)</b>	67
– Under/(Over) provision in prior financial years		
Current income tax	<b>45</b>	(30)
	<b>(95)</b>	37

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 8. Income tax (Continued)

### (a) Income tax expense/(benefit) (Continued)

The tax on Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000 (Restated)
(Loss)/Profit before income tax	<b>(998)</b>	1,306
Tax calculated at tax rate of 17% (2020: 17%)	<b>(170)</b>	222
Effects of:		
– expenses not deductible for tax purposes	<b>166</b>	89
– income not subject to tax	<b>(84)</b>	(184)
– Singapore stepped income exemption	<b>(3)</b>	(22)
– tax incentives	<b>(47)</b>	(33)
– under/(over) provision in prior financial years	<b>45</b>	(30)
– others	<b>(2)</b>	(5)
Tax charge	<b>(95)</b>	37

### (b) Movement in current income tax liabilities

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
At 1 January	<b>70</b>	84	–	–
Charged to profit or loss [Note 8(a)]				
Income tax paid	<b>(5)</b>	(51)	–	–
Tax expense	–	67	–	–
Under/(Over) provision in prior financial years	<b>45</b>	(30)	–	–
At 31 December	<b>110</b>	70	–	–

### (c) Deferred income tax assets

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
At 1 January	–	–
Origination and reversal of temporary differences [Note 8(a)]	<b>140</b>	–
At 31 December	<b>140</b>	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 8. Income tax (Continued)

- (c) Deferred income tax assets (Continued)

The movement in deferred income tax assets is as follows:

	Provisions \$'000	Total \$'000
<b>Group</b>		
<b>31 December 2021</b>		
At 1 January	-	-
Charged to profit or loss [Note 8(a)]	<u>140</u>	<u>140</u>
At 31 December	<u><u>140</u></u>	<u><u>140</u></u>

Deferred income tax assets are recognised for temporary differences to the extent that realisation of the related income tax benefits through future taxable profits is probable.

## 9. (Loss)/Earnings per share

	Group 2021	2020 (Restated) [Note 30]
Net (loss)/profit attributable to equity holders of the Company (\$'000)	<u>(903)</u>	<u>1,269</u>
Weighted average number of ordinary shares outstanding for basic earnings/ (loss) and diluted earnings per share ('000)	<u>189,824</u>	<u>189,824</u>
(Loss)/earnings per share (in cents per share)		
– Basic	<u>(0.48)</u>	<u>0.67</u>
– Diluted	<u>(0.48)</u>	<u>0.67</u>

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares which has no voting rights) during the financial year.

For the purpose of calculating diluted (loss)/earnings per share, (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. There are no potential dilutive ordinary shares as at 31 December 2021 and 31 December 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. Cash and bank balances

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash on hand	–	1	–	–
Cash at banks	<b>7,080</b>	10,501	<b>325</b>	1,386
Short-term bank deposits	<b>6,243</b>	7,261	<b>100</b>	100
	<b>13,323</b>	17,763	<b>425</b>	1,486

Short-term bank deposits of \$1,123,000 (2020: \$1,120,000) are pledged to banks as securities for the banking facilities of the Group. The short-term bank deposits are made for varying periods of between three months and twelve months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates.

In addition, the Company provides corporate guarantee for banking facilities of its subsidiaries.

For the purpose of presenting the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

	Group	
	2021 \$'000	2020 \$'000
Cash and bank balances (as above)	<b>13,323</b>	17,763
Less: Short-term bank deposits pledged*	<b>(1,123)</b>	(1,120)
Cash and cash equivalents in consolidated statement of cash flows	<b>12,200</b>	16,643

\* The Group has pledged a part of its short-term deposits to fulfil collateral requirements.

## 11. Other financial assets

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial assets, at FVOCI	<b>20</b>	18	–	–
Financial assets, at FVPL	<b>658</b>	–	<b>658</b>	–
	<b>678</b>	18	<b>658</b>	–

### (a) Financial assets, at FVOCI

	Group	
	2021 \$'000	2020 \$'000
<b>Equity securities (quoted)</b>		
At 1 January	<b>18</b>	22
Fair value gains/(losses) [Note 20(b)(i)]	<b>2</b>	(4)
At 31 December	<b>20</b>	18

The Company has elected to measure these quoted equity securities at fair value through other comprehensive income due to the Group's intention to hold these equity securities for long-term appreciation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 11. Other financial assets (Continued)

### (b) Financial assets, at FVPL

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Equity securities (quoted)</b>				
At 1 January	-	-	-	-
Addition	632	-	632	-
Fair value gains	19	-	19	-
Exchange gains on equity securities	2	-	2	-
Dividend received from equity securities	5	-	5	-
At 31 December	<b>658</b>	-	<b>658</b>	-

The Company has elected to measure these quoted equity securities at fair value through profit or loss as it is classified under the investment holding business segment.

## 12. Trade and other receivables

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables				
– Non-related parties	4,794	3,787	-	43
– Related parties	-	-	4	21
Less: Allowance for expected credit losses	(832)	(814)	-	-
Trade receivables – net	<b>3,962</b>	2,973	<b>4</b>	64
Other receivables				
– Non-related parties	66	369	-	4
Deposits to suppliers for purchase of materials	1,150	1,124	-	-
Refundable deposits	137	117	-	-
Prepayments	772	222	3	4
	<b>2,125</b>	1,832	<b>3</b>	8
	<b>6,087</b>	4,805	<b>7</b>	72

Included in prepayment is an amount of \$480,000 (2020: \$nil) pertaining to downpayment to a supplier for the construction of machinery. Upon completion of the construction of the machinery, this amount would be transfer to property, plant and equipment.

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

	2021 \$'000	2020 \$'000
At 1 January	814	808
Allowance for expected credit losses	23	6
Written off	(5)	-
At 31 December	<b>832</b>	814

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 13. Contract balances

The following table provides information about contract assets and contract liabilities for contracts with customers.

		<b>Group</b>	
		<b>2021</b>	2020
		<b>\$'000</b>	\$'000
			(Restated)
			[Note 30]
Trade receivables (Note 12)		<b>3,962</b>	2,973
Contract assets	13(i)	<b>4,524</b>	2,759
Contract liabilities	13(ii)	<b>–</b>	(1,702)

### (i) Contract assets

		<b>Group</b>	
		<b>2021</b>	2020
		<b>\$'000</b>	\$'000
			(Revised)
			[Note 30]
Construction contracts			
– Due from customers		<b>4,399</b>	3,418
– Retentions		<b>1,042</b>	405
		<b>5,441</b>	3,823
Less: Allowance for expected credit losses		<b>(917)</b>	(1,064)
		<b>4,524</b>	2,759

Amounts related to construction contracts are balances due from customers under construction contracts that relate to the Company's right to consideration for work completed but not yet billed at reporting date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which its right to consideration become unconditional.

The movement in allowance for expected credit losses of contract assets computed based on lifetime ECL was as follows:

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
At 1 January	<b>1,064</b>	1,064
Written off	<b>(147)</b>	–
At 31 December	<b>917</b>	1,064

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 13. Contract balances (Continued)

### (ii) Contract liabilities

Contract liabilities relate primarily to progress billing issued in excess of the Group's rights to the consideration. The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer.

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Construction contracts – due to customers		
At 1 January	<b>(1,702)</b>	(2,577)
Revenue recognised for performance obligation satisfied	<b>1,702</b>	875
At 31 December	<b>-</b>	(1,702)

### (iii) Significant changes in contract assets are explained as follows:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
		(Restated) [Note 30]
Contract assets reclassified to receivables	<b>(2,443)</b>	(985)
Excess of revenue recognised over cash	<b>4,208</b>	2,379

### (iv) Remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially satisfied) performance obligations as at 31 December 2021 is \$138,700,000 (2020: \$127,400,000).

The amount of Group's revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

	<b>Less than 1 year \$'000</b>	<b>Between 1 and 2 years \$'000</b>	<b>More than 2 years \$'000</b>	<b>Total \$'000</b>
<b>Construction contracts</b>				
As at 31 December 2021	<b>58,083</b>	<b>33,953</b>	<b>46,664</b>	<b>138,700</b>
As at 31 December 2020	34,250	26,732	66,418	127,400

## 14. Investments in subsidiaries

	<b>Company</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<i>Equity investments at cost</i>		
At 1 January and 31 December	<b>28,450</b>	28,450

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. Investments in subsidiaries (Continued)

The Group had the following subsidiaries as at 31 December 2021 and 2020:

Name	Principal Activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group	
			2021	2020
<u>Held by the Company</u>				
Koyo Engineering (S.E. Asia) Pte. Ltd. <sup>(1)</sup>	Providing integrated mechanical and electrical engineering (M&E) services and facilities management services	Singapore	100	100
AVSC Technologies Pte. Ltd. <sup>(1)</sup>	– Supply of essential construction materials, including but not limited to reclamation sand, construction sand, armour rock, granite and other aggregates  – Supply and installation of audio, video and security and communication systems	Singapore	100	100
<u>Held by Koyo Engineering (S.E. Asia) Pte. Ltd.</u>				
Koyo M&E Pte. Ltd. <sup>(1)</sup>	Engineering contract works	Singapore	100	100
Koyo Eco Pte. Ltd. <sup>(1)</sup>	Environmental engineering work	Singapore	100	100
<u>Held by Koyo M&amp;E Pte. Ltd.</u>				
Renewal D+B <sup>(2)(4)</sup>	Interior design services and renovation work (dormant)	Singapore	100	100
<u>Held by Koyo Eco Pte. Ltd.</u>				
Keco Trading <sup>(3)(4)</sup>	General trading of products	Singapore	100	100
<u>Held by AVSC Technologies Pte. Ltd.</u>				
Tuck Hwa Fabrication (S) Pte. Ltd. <sup>(1)</sup>	Building construction, air-conditioner mechanical ventilation system, installation & engineering works	Singapore	100	–

(1) Audited by UHY Lee Seng Chan & Co

(2) The sole proprietorship is not required to be audited and is dormant during the financial year.

(3) The sole proprietorship is not required to be audited.

(4) Audited by UHY Lee Seng Chan & Co for the purpose of expressing an opinion on the consolidated financial statements for the financial year ended 31 December 2021.

### Incorporation of a subsidiary, Tuck Hwa Fabrication (S) Pte. Ltd.

On 13 October 2021, AVSC Technologies Pte. Ltd., a wholly-owned subsidiary of the Group, has incorporated a wholly-owned subsidiary named Tuck Hwa Fabrication (S) Pte Ltd, its issued and paid-up share capital is \$20,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. Property, plant and equipment

Group	Office equipment and tools \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computers \$'000	Renovation \$'000	Leasehold Properties Note 15(a) \$'000	Machinery and Equipment \$'000	Construction in-progress \$'000	Total \$'000
<b>2021</b>	<b>221</b>	<b>69</b>	<b>1,155</b>	<b>289</b>	<b>99</b>	<b>3,664</b>	<b>-</b>	<b>-</b>	<b>5,497</b>
<i>Cost or valuation</i>									
At 1 January	-	-	399	156	-	-	258	99	912
Additions	-	-	-	-	-	1,469	-	-	1,469
Modification of lease liability (a)	-	-	(29)	-	-	-	-	-	(29)
Disposals	-	-	-	-	-	1,909	-	-	1,909
Revaluation surplus [Note 20(b)(iii)]	-	-	-	-	-	(716)	-	-	(716)
Elimination of accumulated depreciation on revaluation	-	-	-	-	-	(716)	-	-	(716)
At 31 December	<b>221</b>	<b>69</b>	<b>1,525</b>	<b>445</b>	<b>99</b>	<b>6,326</b>	<b>258</b>	<b>99</b>	<b>9,042</b>
Representing:									
Cost	221	69	1,525	445	99	676	258	99	3,392
Valuation	-	-	-	-	-	5,650	-	-	5,650
	<b>221</b>	<b>69</b>	<b>1,525</b>	<b>445</b>	<b>99</b>	<b>6,326</b>	<b>58</b>	<b>99</b>	<b>9,042</b>
<i>Accumulated depreciation</i>									
At 1 January	<b>176</b>	<b>57</b>	<b>553</b>	<b>289</b>	<b>60</b>	<b>422</b>	<b>-</b>	<b>-</b>	<b>1,557</b>
Depreciation charge (Note 5)	22	6	297	156	19	669	4	-	1,173
Disposals	-	-	(6)	-	-	-	-	-	(6)
Elimination of accumulated depreciation on revaluation	-	-	-	-	-	(716)	-	-	(716)
At 31 December	<b>198</b>	<b>63</b>	<b>844</b>	<b>445</b>	<b>79</b>	<b>375</b>	<b>4</b>	<b>-</b>	<b>2,008</b>
<b>Carrying Amount</b>	<b>23</b>	<b>6</b>	<b>681</b>	<b>-</b>	<b>20</b>	<b>5,951</b>	<b>254</b>	<b>99</b>	<b>7,034</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. Property, plant and equipment (Continued)

<b>Group 2020</b>	<b>Office equipment and tools \$'000</b>	<b>Furniture and fittings \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Computers \$'000</b>	<b>Renovation \$'000</b>	<b>Leasehold Properties Note 15(a) \$'000</b>	<b>Total \$'000</b>
<i>Cost</i>							
At 1 January	208	70	1,317	246	99	221	2,161
Additions	13	1	194	43	-	3,443	3,694
Disposal/Write off	-	(2)	(356)	-	-	-	(358)
At 31 December	221	69	1,155	289	99	3,664	5,497
<i>Accumulated depreciation</i>							
At 1 January	152	52	688	246	40	102	1,280
Depreciation charge (Note 5)	24	6	217	43	20	320	630
Disposal/Write off	-	(1)	(352)	-	-	-	(353)
At 31 December	176	57	553	289	60	422	1,557
<i>Carrying amount</i>							
	45	12	602	-	39	3,242	3,940

(a) 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 23(a).

During the current financial year, the Group renegotiated and modified an existing lease contract for leasehold land by extending the period to another 20 years. As the extension is not part of the terms and conditions of the original lease contract, it is accounted for as a lease modification with an additional to the right-of-use assets, classified under "Property, plant and equipment".

The corresponding remeasurement to lease liability is recorded under Note 18.

(b) Leasehold property initially recognised at cost and subsequently measured using the revaluation model in year 2021, which has been determined based on valuations performed as at the reporting date. The valuations were performed by Knight Frank Pte Ltd, independent valuer with recognised and relevant professional qualification and with recent experience in the location and category of the property being valued.

The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time. Details of valuation techniques and inputs used are disclosed in Note 26(e)(iii).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. Property, plant and equipment (Continued)

### Company

#### 2021

	<b>Computer \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Total \$'000</b>
<i>Cost</i>			
At 1 January/31 December	<u>6</u>	<u>405</u>	<u>411</u>
<i>Accumulated depreciation</i>			
At 1 January	6	243	249
Depreciation charge	–	81	81
At 31 December	<u>6</u>	<u>324</u>	<u>330</u>
<b>Carrying amount</b>	<u>–</u>	<u>81</u>	<u>81</u>

### Company

#### 2020

	<b>Computer \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Total \$'000</b>
<i>Cost</i>			
At 1 January	–	608	608
Additions	6	–	6
Disposal	–	(203)	(203)
At 31 December	<u>6</u>	<u>405</u>	<u>411</u>
<i>Accumulated depreciation</i>			
At 1 January	–	364	364
Depreciation charge	6	82	88
Disposal	–	(203)	(203)
At 31 December	<u>6</u>	<u>243</u>	<u>249</u>
<b>Carrying amount</b>	<u>–</u>	<u>162</u>	<u>162</u>

Right-of-use of assets acquired under leasing arrangements are presented within property, plant and equipment. Details of such leased assets are disclosed in Note 23(a).

As at 31 December 2021, the Group has right-of-use assets acquired under leases with an aggregate carrying amount of \$575,000 (2020: \$914,000) [Note 23(a)].

Motor vehicles are pledged as security for the related lease liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 18. Lease liabilities

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Current</i>				
Lease liabilities	<u>266</u>	<u>277</u>	<u>-</u>	<u>22</u>
<i>Non-current</i>				
Lease liabilities	<u>1,815</u>	<u>535</u>	<u>-</u>	<u>-</u>
	<u><b>2,081</b></u>	<u>812</u>	<u>-</u>	<u>22</u>

A reconciliation of liabilities arising from financing activities is as follows:

Group	1 January 2021	Cash flows	Non-cash changes				31 December 2021
			Additions	Modification of lease liability	Accretion of interest	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities							
– current	277	(337)	63	84	37	142	266
– non-current	535	-	37	1,385	-	(142)	1,815
	<u>812</u>	<u>(337)</u>	<u>100</u>	<u>1,469</u>	<u>37</u>	<u>-</u>	<u>2,081</u>

Group	1 January 2020	Cash flows	Non-cash changes			31 December 2020
			Acquisition	Accretion of interest	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities						
– current	170	(206)	258	17	38	277
– non-current	39	-	534	-	(38)	535
	<u>209</u>	<u>(206)</u>	<u>792</u>	<u>17</u>	<u>-</u>	<u>812</u>

### Modification of lease liability

A change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term) is a lease modification. For lease modifications that are not accounted for as a separate lease, the lessee shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate and record the corresponding adjustment against the right-of-use asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 19. Share capital and treasury shares

### (a) Share capital

	2021		2020	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<b>Group</b>				
Issued and fully paid ordinary shares				
At 1 January/31 December	<u>196,124</u>	<u>4,477</u>	<u>196,124</u>	<u>4,477</u>
<b>Company</b>				
Issued and fully paid ordinary shares				
At 1 January/31 December	<u>196,124</u>	<u>40,072</u>	<u>196,124</u>	<u>40,072</u>

The holders of ordinary shares (except treasury 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.

### **Reverse acquisition**

At Group level

The acquisition of Koyo Engineering (S.E. Asia) Pte. Ltd. ("Koyo Engineering") in 2009 has been accounted for as a reverse acquisition in the consolidated financial statements of the Group. Koyo Engineering, which is the legal subsidiary the ("Acquired Group") is considered the acquirer for accounting purposes. Accordingly, the statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group have been prepared as a continuation of Koyo Engineering's financial statements, in accordance with the Group accounting policies as described in Note 2.6(b).

### (b) Treasury shares

	<b>Group and Company</b>			
	2021		2020	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 January and 31 December	<u>(6,300)</u>	<u>(630)</u>	<u>(6,300)</u>	<u>(630)</u>

Treasury shares relate to ordinary shares of the Company that is held by the Company.

### (c) Share options – Koyo International Employee Share Option Scheme 2011 ("KSOS")

On 25 April 2011, shareholders approved the KSOS for the Group's employees, executive directors and non-executive directors who satisfy the eligibility criteria of the KSOS. The KSOS had expired on 25 April 2021 and the exercise period for the last batch of options granted in 2013 had exercised in 2018. There was no outstanding share option as at 31 December 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 20. Other reserves

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(a) Composition:				
Fair value reserve	(261)	(263)	-	-
Premium paid on acquisition of non-controlling interests	(2)	(2)	-	-
Asset revaluation reserve	1,909	-	-	-
	<u>1,646</u>	<u>(265)</u>	<u>-</u>	<u>-</u>
(b) Movements:				
<b>(i) Fair value reserve</b>				
At 1 January	(263)	(259)	-	-
Investment securities – Fair value losses	2	(4)	-	-
At 31 December	<u>(261)</u>	<u>(263)</u>	<u>-</u>	<u>-</u>
<b>(ii) Premium paid on acquisition of non-controlling interests</b>				
At 1 January and 31 December	<u>(2)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
<b>(iii) Asset revaluation reserve</b>				
At 1 January	-	-	-	-
Revaluation gains (Note 15)	1,909	-	-	-
At 31 December	<u>1,909</u>	<u>-</u>	<u>-</u>	<u>-</u>

Other reserves are non-distributable.

### (i) Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of equity securities at fair value through other comprehensive income until they are disposed of or impaired.

### (ii) Premium paid on acquisition of non-controlling interests

The reserve represents the difference between the fair value of the consideration paid on acquisition of non-controlling interests and the carrying value of the additional interests acquired.

### (iii) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of leasehold property, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. Retained profits/(accumulated losses)

- (a) Retained profits of the Group are distributable.
- (b) Movement in accumulated losses for the Company is as follows:

	<b>Company</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
At 1 January	<b>(10,396)</b>	(10,348)
Net (loss)/profit	<b>(265)</b>	142
Dividends paid (Note 22)	<b>(95)</b>	(190)
At 31 December	<b><u>(10,756)</u></b>	<u>(10,396)</u>

## 22. Dividends

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<i>Ordinary dividends paid</i>		
Final dividend of 0.05 cents (2020: 0.10 cents) per ordinary share, paid in respect of the financial year ended 31 December 2020 (2020: 31 December 2019)	<b>95</b>	190
	<b><u>95</u></b>	<u>190</u>

## 23. Lease – The Group as a lessee

### Nature of the Group's leasing activities

#### **Right-of-use Assets- Other/Land**

The Group leases operation space for the purpose of office operations and leases land for leasehold property.

#### **Motor vehicle**

The Group has lease contracts for motor vehicles. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

#### **Short term lease**

The Group also has certain leases of workers' dormitories space lodgings with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 23. Lease – The Group as a lessee (Continued)

### (a) Carrying amount

#### **ROU assets classified within Property, plant and equipment**

	<b>Leasehold properties \$'000</b>	<b>Motors vehicles \$'000</b>	<b>Total \$'000</b>
<b>2021</b>			
<i>Cost or valuation</i>			
At 1 January	1,013	243	1,256
Additions	–	341	341
Modification of lease liability	1,469	–	1,469
Reclassification to property, plant and equipment	–	(243)	(243)
At 31 December	<u>2,482</u>	<u>341</u>	<u>2,823</u>
<i>Accumulated depreciation</i>			
At 1 January	261	81	342
Depreciation	236	68	304
Reclassification to property, plant and equipment	–	(81)	(81)
At 31 December	<u>497</u>	<u>68</u>	<u>565</u>
<b>Carrying amount</b>	<u><u>1,985</u></u>	<u><u>273</u></u>	<u><u>2,258</u></u>
<b>2020</b>			
<i>Cost</i>			
At 1 January	221	515	736
Addition	792	–	792
Reclassification to property, plant and equipment	–	(272)	(272)
At 31 December	<u>1,013</u>	<u>243</u>	<u>1,256</u>
<i>Accumulated depreciation</i>			
At 1 January	102	123	225
Depreciation	159	81	240
Reclassification to property, plant and equipment	–	(123)	(123)
At 31 December	<u>261</u>	<u>81</u>	<u>342</u>
<b>Carrying amount</b>	<u><u>752</u></u>	<u><u>162</u></u>	<u><u>914</u></u>

The right-of-use asset relating to the leasehold land presented under property, plant and equipment (Note 15) is stated at fair value (2020: Cost) and has a carrying amount at the reporting date of \$5,650,000 (2020: \$2,997,000).

### (b) Lease liabilities

The carrying amounts of lease liabilities during the year are disclosed in Note 18 and the maturity analysis of lease liabilities is disclosed in Note 26.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 23. Lease – The Group as a lessee (Continued)

(c) Amounts recognised in profit or loss

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Depreciation of right-of-use assets	<b>304</b>	240
Interest expense on lease liabilities (Note 5)	<b>37</b>	17
Lease expense not capitalised in lease liabilities		
– Expense relating to short-term leases	<b>327</b>	467
– Expense relating to low-value assets	<b>3</b>	6
Total amount recognised in profit or loss	<b>671</b>	730

(d) Total cash outflow

The Group had total cash outflows for leases of \$337,000 (2020: \$206,000) in 2021.

## 24. Contingencies

### Company

The Company has issued corporate guarantees amounting to \$5.0 million (2020: \$5.0 million) to banks for banking facilities of its subsidiaries. These banking facilities of the subsidiaries utilised amounting to \$30,000 (2020: nil) as at the end of the reporting date. In addition, the Company has also issued corporate guarantees amounting to \$10.2 million (2020: \$7.7 million) to insurance companies on performance bonds relating to the project of a subsidiary.

The Company has evaluated both the fair values of the corporate guarantees and the consequential liabilities derived from its guarantees to the banks/financial institutions with regard to the subsidiaries and are of the opinion that they are minimal. The subsidiaries for which the guarantees were provided are in favourable equity positions and are profitable, with no default in the payment of borrowings and credit facilities.

## 25. Commitments

(a) Capital commitments

Capital expenditures contracted for at the end of the reporting date but not recognised in the financial statements are as follows:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Capital commitment in respect of:		
Purchase of machineries	<b>96</b>	–
Assets under construction	<b>103</b>	–
	<b>199</b>	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. Financial risk management

### Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies seek to ensure that adequate financial resources are available for the Group's business whilst managing its market risk, credit risk, liquidity risk and capital risk. There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risk.

(a) Market risk

(i) *Currency risk*

Foreign currency risk arises from transactions denominated in currencies other than the functional currency of the Company. The Group's and the Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) *Price risk*

The Group is exposed to equity price risk arising from its investments in quoted equity securities. These securities are quoted on the Exchange Securities and are classified as investment securities. To manage its price risk arising from its investments in equity securities, the Group diversifies its portfolio across different markets and industries, where appropriate.

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The Group manages its interest rate risk by placing such balances on varying maturities and interest rate terms.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade and other receivables and contract assets. For trade and other receivables, the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history to mitigate credit risk. Bank deposits are mainly placed with financial institutions which have high credit ratings.

The Group manages credit risk by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. Financial risk management (Continued)

### Financial risk factors (Continued)

#### (b) Credit risk (Continued)

The Group and the Company do not hold any collateral from its customers. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	<b>Company</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Corporate guarantees provided to banks on subsidiaries' banking facilities	<b>5,000</b>	5,000
Corporate guarantees provided to insurance companies on performance bonds relating to the project of a subsidiary	<b>7,700</b>	7,700
	<b><u>12,700</u></b>	<u>12,700</u>

As at end of reporting period, banking facilities utilised by the subsidiary to which the Company has provided a corporate guarantee is \$30,000 (2020: nil).

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 60 days (2020: 60 days) when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. 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 debtor'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 expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. Financial risk management (Continued)

### Financial risk factors (Continued)

#### (b) Credit risk (Continued)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of 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.

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

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
<b>31 December 2021</b>						
Trade receivables	12	Note 1	Lifetime ECL (simplified)	4,794	(832)	3,962
Other receivables	12	I	12-month ECL	203	–	203
Contract assets	13	Note 1	Lifetime ECL (simplified)	5,441	(917)	4,524
					(1,749)	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. Financial risk management (Continued)

### Financial risk factors (Continued)

(b) Credit risk (Continued)

	Note	Category	12-month or lifetime ECL	Gross carrying amount \$'000 Restated	Loss allowance \$'000	Net carrying amount \$'000 Restated
<b>31 December 2020</b>						
Trade receivables	12	Note 1	Lifetime ECL (simplified)	3,787	(814)	2,973
Other receivables	12	I	12-month ECL	486	–	486
Contract assets	13	Note 1	Lifetime ECL (simplified)	3,823	(1,064)	2,759
					<u>(1,878)</u>	

#### Trade receivables and contract assets (Note 1)

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group determines the expected credit losses by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

The Group did not recognise additional impairment on the Group's trade receivables and contract assets as the computed amount is deemed immaterial by the Group.

	Trade receivables						
	Days past due						
	≤30 days \$'000	31-60 days \$'000	61-90 days \$'000	91-120 days \$'000	>120 days \$'000	>365 days \$'000	Total \$'000
<b>31 December 2021</b>							
ECL rate	0%	1.24%	1.54%	1.94%	1.94%	100%	
Estimated total gross carrying amount at default	3,472	410	8	21	51	832	4,794
ECL	#1	#1	#1	#1	#1	(832)	<u>(832)</u>
							<u>3,962</u>
#1: \$5,000 or below							
<b>31 December 2020</b>							
ECL rate	0.01%	1.02%	2.00%	2.57%	2.57%	100%	
Estimated total gross carrying amount at default	2,259	342	127	–	251	808	3,787
ECL	#	#	#	–	(6)	(808)	<u>(814)</u>
							<u>2,973</u>
#: \$3,000 or below							

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. Financial risk management (Continued)

### Financial risk factors (Continued)

(b) Credit risk (Continued)

	<b>Contract assets</b>			
		<b>Recognition since</b>		
	<b>≤1 year \$'000</b>	<b>Between 1 and 5 years \$'000</b>	<b>&gt; 5 years \$'000</b>	<b>Total \$'000</b>
<b>31 December 2021</b>				
ECL rate	–	–	100%	
Estimated total gross carrying amount at default	3,072	1,452	917	5,441
ECL			(917)	(917)
				<u>4,524</u>
<b>31 December 2020</b>				
ECL rate	–	–	100%	
Estimated total gross carrying amount at default [Restated]	1,599	312	1,064	2,975
ECL	–	–	(1,064)	(1,064)
				<u>1,911</u>

#### Credit risk concentration profile

The trade receivables of the Group comprise three debtors (2020: three debtors) that contributed 87% (2020: 60%) of trade receivables. These three debtors (2020: three debtors) individually represented 17% – 47 % (2020: 9% – 26%) of the Group's trade receivables.

The credit risk for trade receivables (net of allowance for expected credit losses) and contract assets, based on the information provided to key management is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021 \$'000</b>	2020 \$'000 (Restated)	<b>2021 \$'000</b>	2020 \$'000
<u>By types of customers</u>				
– Non-related parties	<u>8,486</u>	<u>5,732</u>	<u>–</u>	<u>43</u>

All customers are located in Singapore.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. Financial risk management (Continued)

### Financial risk factors (Continued)

#### (c) Liquidity risk

The Group and the Company manage the liquidity risk by maintaining sufficient cash and bank balances to enable them to meet their normal operating commitments having adequate amount of committed credit facilities. At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash at banks and short-term deposits as disclosed in Note 10.

The table below analyses the maturity profile of the financial liabilities of the Group and the Company based on contractual undiscounted cash flows.

	<b>Less than 1 year \$'000</b>	<b>Between 1 and 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Total \$'000</b>
<b>Group</b>				
<b>At 31 December 2021</b>				
Trade and other payables	7,047	–	–	7,047
Lease liabilities	299	619	2,008	2,926
<b>At 31 December 2020</b>				
Trade and other payables	5,552	–	–	5,552
Lease liabilities	323	594	–	917
<b>Company</b>				
<b>At 31 December 2021</b>				
Trade and other payables	935	–	–	935
<b>At 31 December 2020</b>				
Trade and other payables	1,102	–	–	1,102
Lease liabilities	22	–	–	22

#### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The capital structure of the Group comprises issued share capital and retained profits. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain borrowings or sell assets to increase the working capital. No changes were made in the objectives, policies or procedures during the financial years ended 31 December 2021 and 31 December 2020.

Management monitors capital based on the financial position of the Group and the Company. The Group has positive net assets and has no bank borrowings apart from leases. Future decisions to raise capital and funds will be made with the objective to maintain positive working capital structure.

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
		(Restated)		
Net assets	21,756	20,843	28,686	29,046

The Group and the Company have no externally imposed capital requirements for the financial years ended 31 December 2021 and 2020. The Group's overall strategy remains unchanged from 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. Financial risk management (Continued)

### Financial risk factors (Continued)

#### (e) Fair value measurements

By level of the following fair value measure hierarchy:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

The fair values of lease liabilities, trade and other receivables and trade and other payables as disclosed in Note 18, Note 12 and Note 16 respectively approximate to their carrying amounts.

The fair value of finance assets, at FVOCI and FVPL and leasehold property are as disclosed:

	Fair value measurements at the end of the reporting period using			Total \$'000
	Quoted Prices in active Markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	
<b>Group</b>				
<b>31 December 2021</b>				
<b>Financial assets</b>				
Financial assets, at FVOCI (Quoted)	20	–	–	20
Financial assets, at FVPL (Quoted)	658	–	–	658
	<u>678</u>	<u>–</u>	<u>–</u>	<u>678</u>
<b>Non-financial assets</b>				
<b>Fair value measurements</b>				
Leasehold property (Note 15)	–	5,650	–	5,650
<b>Total</b>	<u>678</u>	<u>5,650</u>	<u>–</u>	<u>6,328</u>
<b>31 December 2020</b>				
<b>Financial assets</b>				
Financial assets, at FVOCI	18	–	–	18
	<u>18</u>	<u>–</u>	<u>–</u>	<u>18</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. Financial risk management (Continued)

### Financial risk factors (Continued)

(e) Fair value measurements (Continued)

(i) Level 2 fair value measurement

The valuation of leasehold property is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market as described in Note 15(b).

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position except for the following:

	<b>Group \$'000</b>	<b>Company \$'000</b>
<b>31 December 2021</b>		
Financial assets at amortised cost	<b>18,166</b>	<b>1,087</b>
Financial liabilities at amortised cost	<b>9,120</b>	<b>935</b>
<b>31 December 2020</b>		
Financial assets at amortised cost	21,240	1,554
Financial liabilities at amortised cost	6,195	1,124

## 27. Related party transactions

No transactions took place between the Group and related parties other than those disclosed elsewhere in the financial statements.

(a) Outstanding balances as at 31 December 2021, arising from sales/purchases of goods and services, are unsecured and receivable/payable within 12 months (2020: 12 months) from the end of reporting period are disclosed in Notes 12 and 16 to the financial statements.

(b) Key management remuneration

The key management remuneration representing directors' and other key management personnel's are as follows:

	<b>Group</b>	
	<b>2021 \$'000</b>	2020 \$'000
Directors' fees	<b>120</b>	120
Salaries and short-term employee benefits	<b>2,669</b>	3,113
Employer's contribution to Central Provident Fund	<b>186</b>	233
	<b>2,975</b>	3,466

The above includes total remuneration to directors of the Company and its subsidiaries amounting to \$1,572,000 (2020: \$1,622,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 28. Segment information

The Board of Directors has determined the operating segments based on geographic and business segment perspective. The Board of Directors comprise of Executive and Non-Executive Directors.

Geographically, all the Group's operations are located in Singapore.

The Group is organised into four operating divisions – Mechanical Engineering, Electrical Engineering, Facilities Management and Investment Holding Business.

The principal services of each of these divisions are as follows:

- (i) Mechanical Engineering – design and install air-conditioning and mechanical ventilation, plumbing and sanitary installation, fire prevention and protection system as well as integrated systems.
- (ii) Electrical Engineering – design and install high and low tension electrical distribution systems, as well as communications, audio-visual and securities systems.
- (iii) Facilities Management – provide maintenance, repair and replacement services for commercial buildings, hotels, schools and universities.
- (iv) Investment Holding Business – fair value gains/(losses) through profit or loss in quoted equity securities at fair value through profit or loss.

The segment information provided to the Board of Directors for the reportable segments are as follows:

<b>Group</b>	<b>Mechanical Engineering \$'000</b>	<b>Electrical Engineering \$'000</b>	<b>Facilities Management \$'000</b>	<b>Investment holding \$'000</b>	<b>Total \$'000</b>
<b>2021</b>					
<b>Revenue</b>					
Revenue from external parties	<u>12,451</u>	<u>7,765</u>	<u>7,808</u>	<u>19</u>	<u>28,043</u>
Gross profit/(loss)	<u>5,406</u>	<u>(2,820)</u>	<u>3,185</u>	<u>19</u>	<u>5,790</u>
Segment assets	<u>4,674</u>	<u>3,037</u>	<u>1,902</u>	<u>658</u>	<u>10,271</u>
Segment liabilities	<u>2,439</u>	<u>3,551</u>	<u>828</u>	<u>-</u>	<u>6,818</u>
<b>Group</b>	<b>Mechanical Engineering \$'000</b>	<b>Electrical Engineering \$'000</b>	<b>Facilities Management \$'000</b>	<b>Investment holding \$'000</b>	<b>Total \$'000</b>
<b>2020</b>					
<b>Revenue</b>					
Revenue from external parties	<u>7,182</u>	<u>2,026</u>	<u>8,501</u>	<u>-</u>	<u>17,709</u>
Gross profit	<u>2,724</u>	<u>257</u>	<u>2,671</u>	<u>-</u>	<u>5,652</u>
Segment assets	<u>2,700</u>	<u>751</u>	<u>3,047</u>	<u>-</u>	<u>6,498</u>
Segment liabilities	<u>4,549</u>	<u>486</u>	<u>1,078</u>	<u>-</u>	<u>6,113</u>

(Restated)  
[Note 30]

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 28. Segment information (Continued)

Revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of profit or loss and other comprehensive income.

The Board of Directors assesses the performance of the operating segments based on gross profit. This measurement basis excludes other income, operating expenses and finance expenses from the operating segments.

(a) A reconciliation of gross profit to profit before income tax is provided as below:

	<b>2021</b>	<b>Group</b>
	<b>\$'000</b>	2020 \$'000 (Restated) [Note 30]
Gross profit for reportable segments	<b>5,790</b>	5,652
Other income	<b>1,980</b>	2,173
Selling and distribution expenses	<b>(127)</b>	(71)
Allowance for expected credit losses	<b>(23)</b>	(6)
Administrative expenses	<b>(7,488)</b>	(6,308)
Other operating expenses	<b>(1,093)</b>	(117)
Finance expenses	<b>(37)</b>	(17)
(Loss)/Profit before income tax	<b>(998)</b>	1,306

(b) Reportable segments' assets are reconciled to total assets as follows:

The amounts reported to the Board of Directors with respect to the total assets are measured in a manner consistent with that of the financial statements. Segment assets comprise mainly trade receivables but do not include cash and bank balances, other receivables, investment securities and property, plant and equipment.

	<b>2021</b>	<b>Group</b>
	<b>\$'000</b>	2020 \$'000 (Restated) [Note 30]
Segments' assets for reportable segments	<b>10,271</b>	6,498
Other assets		
Unallocated:		
Cash and bank balances	<b>13,323</b>	17,763
Other receivables and inventories	<b>1,034</b>	1,066
Deferred income tax assets	<b>140</b>	-
Other financial assets	<b>20</b>	18
Property, plant and equipment	<b>7,034</b>	3,940
	<b>31,822</b>	29,285

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 28. Segment information (Continued)

(c) Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts reported to the Board of Directors with respect to the total liabilities are measured in a manner consistent with that of the financial statements. Segment liabilities comprise mainly trade payables but do not include other payables, current income tax liabilities and lease liabilities.

	<b>2021</b>	<b>Group</b>
	<b>\$'000</b>	2020 \$'000
Segments' liabilities for reportable segments	<b>6,818</b>	6,113
Other liabilities		
Unallocated:		
Other payables	<b>947</b>	1,447
Lease liabilities	<b>2,081</b>	812
Current income tax liabilities	<b>110</b>	70
	<b>9,956</b>	8,442

The Group is headquartered and only has operations in Singapore. Accordingly, no geographical segment information is presented.

Revenue of approximately \$19,485,000 (2020: \$12,360,000) are derived from four external customers (2020: four). This revenue is attributable to the mechanical engineering segment, electrical engineering segment and facilities management segment.

## 29. Significant event during the financial year

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the business operation will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the Singapore market and overall economy, all of which are highly uncertain and cannot be predicted. If Singapore markets or the overall economy are impacted for an extended period, the financial performance of the Group may be materially adversely affected.

## 30. Comparative information

During FY2021, prior year adjustments were put through as the Group changed its accounting policy for contract revenue recognition from output method to input method for certain contracts to better reflect the measure of progress in satisfying the performance obligation for certain contracts. As a result, a net amount of \$848,000 was recognised in revenue in prior year with the corresponding entry recognised in contract assets.

The prior year adjustments have resulted in an increase in revenue and contract assets of \$848,000 for the financial year ended 31 December 2020. No tax adjustments for the related prior year adjustments were put through as management has effected these tax adjustments under under-provision for tax expense in FY2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. Comparative information (Continued)

### Effects of prior year adjustments

The prior year adjustment has no material impact for the financial year ended 31 December 2019.

The effects of the prior year adjustments on the statements of financial position of the Group as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the financial year ended 31 December 2020 are summarised below.

	<b>Balance as previously stated \$'000</b>	<b>Prior year Adjustment \$'000</b>	<b>Balance as Restated \$'000</b>
<b>For the financial year ended 31 December 2020:</b>			
<u>Consolidated Statement of Profit or Loss and other Comprehensive income</u>			
Revenue	16,861	848	17,709
Gross profit	4,804	848	5,652
Net profit	421	848	1,269
Total comprehensive income	417	848	1,265
Earnings per share for profit attributable to equity holders of the Company (Singapore cents per share)			
– Basic and diluted	0.22	0.45	0.67
<u>Statements of Financial Position</u>			
<b>Current assets</b>			
Contract assets	1,911	848	2,759
<b>Equity</b>			
Retained profit	16,413	848	17,261
<u>Consolidated Statement of Cash Flows</u>			
Net profit	421	848	1,269
Operating profit before working capital changes	884	848	1,732
Changes in working capital:			
– Trade and other receivables, contract assets	(3,553)	(848)	(4,401)

## 31. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koyo International Limited on 11 April 2022.

# STATISTICS OF SHAREHOLDINGS

AS AT 24 MARCH 2022

Issued and fully paid-up share capital	– S\$39,442,252
Number of issued shares (excluding treasury shares and subsidiary holdings)	– 189,823,497(with voting rights)
Class of shares	– Ordinary shares
Voting rights	– One (1) vote per ordinary share
Number of treasury shares and percentage	– 6,300,000 (3.32%)
Number of subsidiary holdings and percentage	– Nil

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	20	2.19	954	0.00
100 – 1,000	122	13.35	59,004	0.03
1,001 – 10,000	335	36.65	1,728,325	0.91
10,001 – 1,000,000	419	45.84	27,681,411	14.58
1,000,001 AND ABOVE	18	1.97	160,353,803	84.48
<b>TOTAL</b>	<b>914</b>	<b>100.00</b>	<b>189,823,497</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ESTATE OF FOO CHEK HENG, DECEASED	72,725,500	38.31
2	SALIX CAPITAL PTE LTD	49,449,500	26.05
3	TAI HO FAH	7,741,600	4.08
4	TAI CHIEW SHAM	6,551,800	3.45
5	LOH NGIAP CHEW	2,508,400	1.32
6	RAFFLES NOMINEES (PTE.) LIMITED	2,235,700	1.18
7	ONG SWEE GUAN	2,165,250	1.14
8	UOB KAY HIAN PRIVATE LIMITED	2,079,250	1.10
9	SANTO PERRY MICHAEL ALEXANDER	2,001,000	1.05
10	LOH SOO SENG	1,950,000	1.03
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,757,650	0.93
12	CHEW THIAM KWEE	1,656,000	0.87
13	DBS NOMINEES (PRIVATE) LIMITED	1,602,400	0.84
14	HSBC (SINGAPORE) NOMINEES PTE LTD	1,500,000	0.79
15	ABN AMRO CLEARING BANK N.V.	1,230,800	0.65
16	LIM SIN TAT	1,178,600	0.62
17	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,020,053	0.54
18	ONG LAY BOON	1,000,300	0.53
19	YEO WEI HUANG	820,000	0.43
20	GORDON CAI ZHEN QIANG	800,000	0.42
<b>TOTAL</b>		<b>161,973,803</b>	<b>85.33</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 24 MARCH 2022

## Substantial Shareholders

(As shown in the Register of Substantial Shareholders as at 24 March 2022)

Name of Shareholders	Number of Shares			
	Direct Interest	Deemed Interest	Total	%
Estate of Foo Chek Heng, Deceased <sup>(1)</sup>	72,725,500	400,000	73,125,500	38.52
Salix Capital Pte Ltd <sup>(2)</sup>	49,449,500	–	49,449,500	26.05
Foo Suay Lun	–	49,449,500	49,449,500	26.05

Notes:

(1) The estate of Mr Foo Chek Heng is deemed interested in 400,000 shares held by his wife, Mdm Dalat Kositanon.

(2) Salix Capital Pte Ltd is 100% owned by Mr Foo Suay Lun, Executive Director.

## Confirmation of Compliance with Rule 723 of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“Catalist Rules”)

Based on information available to the Company as at 24 March 2022 approximately 34.22% of the issued ordinary shares of the Company were held by the public and therefore, the Company is in compliance with Rule 723 of the Catalist Rules.

## APPENDIX DATED 11 APRIL 2022

This Appendix is circulated to shareholders of Koyo International Limited (“**Company**”) (“**Shareholders**”) together with the Company’s annual report for the financial year ended 31 December 2021 (“**Annual Report**”). Its purpose is to provide Shareholders with the relevant information relating to, and seek Shareholders’ approval for the renewal of the Share Buyback Mandate (as defined herein) to be tabled at the Annual General Meeting of the Company to be held on Tuesday, 26 April 2022 at 2.00 p.m. by way of electronic means.

The Notice of Annual General Meeting and a Proxy Form are enclosed within the Annual Report.

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

This Appendix has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (“**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**Exchange**”) and the Exchange assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)



**KOYO INTERNATIONAL LIMITED**

(Incorporated in Singapore)

(Company Registration No. 200100075E)

### APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

#### Important Dates and Times:

Last date and time for lodgement of Proxy Form	:	23 April 2022 at 2.00 p.m. (Singapore Time)
Date and time of Annual General Meeting	:	26 April 2022 at 2.00 p.m. (Singapore Time)
Place of Annual General Meeting	:	By way of electronic means

# APPENDIX DATED 11 APRIL 2022

## **KOYO INTERNATIONAL LIMITED**

(Incorporated in Singapore)  
(Company Registration No.: 200100075E)

### **Directors**

Wong Loke Tan (Independent Non-Executive Chairman)  
Foo Suay Wei (Managing Director/Chief Executive Officer)  
Foo Suay Lun (Executive Director)  
Yeo Guat Kwang (Independent Non-Executive Director)  
Serena Lee Chooi Li (Independent Non-Executive Director)

### **Registered Office**

53 Ubi Ave 3  
#02-01  
Singapore 408863

**11 April 2022**

**To: The Shareholders of Koyo International Limited**

**Dear Sir/Madam**

## **1. INTRODUCTION**

- 1.1 Reference is made to the notice of annual general meeting ("**AGM**") dated 11 April 2022 ("**Notice of AGM**") of Koyo International Limited ("**Company**") convening the AGM of the Company to be held on 26 April 2022 at 2.00 p.m. by way of electronic means.
- 1.2 The proposed Resolution 6 in the Notice of AGM to Shareholders relates to the proposed renewal of the share buyback mandate ("**Share Buyback Mandate**"), which was previously approved by shareholders of the Company ("**Shareholders**") at the AGM of the Company held on 27 April 2021, to authorise the directors of the Company ("**Directors**") to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") on the terms of the Share Buyback Mandate. The authority conferred by the Share Buyback Mandate will expire on 26 April 2022, being the date of the forthcoming AGM.
- 1.3 The purpose of this Appendix is to provide Shareholders with relevant information relating to, and explain the rationale for the proposed renewal of the Share Buyback Mandate to be tabled at the AGM.

## **2. PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

### **2.1 Background**

The Directors propose to table for Shareholders' consideration and approval, the renewal of the Share Buyback Mandate at the forthcoming AGM to be held on 26 April 2022.

Shareholders' approval is thus being sought at the AGM for the renewal of the Share Buyback Mandate for the Share Buyback by the Company of its issued Shares. If the ordinary resolution relating to the renewal of the Share Buyback Mandate is passed by Shareholders at the forthcoming AGM, the Share Buyback Mandate will take effect from the date of the AGM at which the renewal of the Share Buyback Mandate is approved by the Shareholders and it will remain in force until the earliest of (i) the date on which the next AGM of the Company is held or required by law to be held; (ii) the date on which the Share Buybacks are carried out to the full extent of the Share Buyback Mandate; or (iii) the date the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting ("**Relevant Period**").

Any Share Buyback by the Company will have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Constitution, the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"), and such other laws and regulations as may for the time being be applicable.

## APPENDIX DATED 11 APRIL 2022

### 2.2 Rationale

The rationale for the Company to undertake the purchase of its issued Shares up to ten per cent. (10%) limit described in section 2.3.1 below, at any time, subject to market conditions, during the period that the Share Buyback Mandate is in force (“**Share Buyback**”) is as follows:

- (a) It is a principal mission of the Directors to constantly seek to increase Shareholders’ value and to improve, *inter alia*, the return on equity of the Company and its subsidiaries (the “**Group**”). A Share Buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced; and
- (b) Share Buybacks provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company’s share capital structure with a view to enhancing the earnings and/or net tangible asset value per Share. The Directors further believe that Share Buybacks by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholder confidence.

If and when circumstances permit, the Directors will decide whether to effect the Share Buybacks via Market Purchases or Off-Market Purchases (as respectively defined under sections 2.3.4 (a) and (b) below), after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out purchases pursuant to the Share Buyback Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group.

The Directors will only make a Share Buyback as and when the circumstances permit and only if the Directors are of the view that such purchases are in the best interests of the Company and the Shareholders. The Directors will decide whether to purchase shares only after taking into account, among other things, the market conditions at such time, the Company’s financial condition and whether such purchases will cause the Company to become insolvent, and whether such purchases represent the most efficient and cost-effective approach to enhance Shareholders’ value.

Share purchases will only be made if the Directors believe that such purchases are likely to benefit the Company and increase economic value for Shareholders.

### 2.3 Authority and Limits on the Share Buyback Mandate

The authority and limitations placed on purchases of Shares by the Company under the Share Buyback Mandate, if renewed at the AGM, are as follows:

#### 2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than ten per cent (10%) of the total number of issued Shares (excluding treasury Shares) as at the date of the AGM at which the renewal of the Share Buyback Mandate is approved (“**Approval Date**”) unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act 1967, as amended or modified from time to time (“**Companies Act**”) in which event the total number of issued Shares of the Company shall be taken to be the total number of the issued Shares as altered (excluding treasury Shares). For the purposes of calculating the percentage of Shares as referred above, any of the Shares which are held by the Company as treasury shares will be disregarded.

## APPENDIX DATED 11 APRIL 2022

**For illustrative purposes only**, based on the existing issued and paid-up share capital of the Company as at 31 March 2022, being the latest practicable date (the "**Latest Practicable Date**"), comprising 189,823,497 Shares (excluding 6,300,000 treasury shares and subsidiary holdings), and assuming that no further Shares are issued or purchased and kept as treasury shares on or prior to the AGM, not more than 18,982,349 Shares (representing 10% of the issued and paid-up share capital (excluding 6,300,000 treasury shares and subsidiary holdings) of the Company as at the date of the AGM) may be purchased by the Company pursuant to the Share Buyback Mandate.

### **2.3.2 Duration of Authority**

Share Buybacks may be made, at any time and from time to time during the Relevant Period, on and from the Approval Date, up to the earlier of:

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the Share Buybacks are carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders in a general meeting.

### **2.3.3 Solvency**

As stated in the Companies Act, the Share Buyback may be made out of the Company's profits or capital so long as the Company is solvent. Accordingly, purchases or acquisition of Shares may only be made if the Directors know that the Company is, or have no reason to believe that the Company is not, solvent.

Pursuant to Section 76F(4) of the Companies Act, the Company is solvent if at the date of the payment made by the Company in consideration of acquiring any right with respect to the purchase or acquisition of its own shares:–

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if –
  - (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

## APPENDIX DATED 11 APRIL 2022

### 2.3.4 **Manner of Purchase of Shares**

Share Buybacks may be made by way of:

- (a) on-market purchases (“**Market Purchase**”), transacted on the Singapore Exchange Securities Trading Limited’s (“**SGX-ST**”) trading system or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Catalist Rules and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the Share Buyback shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded, where applicable:
  - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and
  - (ii) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
  - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules requires that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Buyback;
- (d) the consequences, if any, of Share Buybacks by the Company that will arise under the Singapore Code on Take-overs and Mergers (as amended or modified from time to time) (“**Take-over Code**”) or other applicable take-over rules;
- (e) whether the Share Buyback, if made, would have any effect on the listing of the Shares on the Catalist of the SGX-ST;

## APPENDIX DATED 11 APRIL 2022

- (f) details of any Share Buyback made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), setting out the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

### 2.3.5 **Maximum Purchase Price**

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) days, on which the SGX-ST is open for trading in securities ("**Market Days**") and which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase, or as the case may be, the Day of the Making of the Offer (as defined hereinafter) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days period and the day on which the purchases are made;

"**Day of the Making of the Offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders pursuant to the Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

### 2.4 **Status of Purchased Shares under the Share Buyback Mandate**

Under Section 76B of the Companies Act, any Share which is purchased by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act (as set out below), be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on such cancellation. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or otherwise acquired by the Company and which are held as treasury shares. All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act), will be automatically de-listed by the SGX-ST, and (where applicable) the certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

## APPENDIX DATED 11 APRIL 2022

### 2.5 Treasury Shares

Under the Companies Act, Shares purchased by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

#### 2.5.1 Maximum Holdings

The aggregate numbers of Shares held as treasury shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares of the Company. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within six (6) months or such further periods as the Accounting and Corporate Regulatory Authority (“**ACRA**”) may allow.

As at the Latest Practicable Date, the Company holds 6,300,000 treasury shares representing approximately 3.32 per cent (3.32%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings). Where Shares purchased pursuant to the renewed Share Buyback Mandate are held as treasury shares, the number of such Shares to be held as treasury shares, when aggregated with the then existing Treasury Shares held, shall not, subject to the Companies Act, exceed the ten per cent (10%) limit of the total number of issued Shares of the Company as at the date of the general meeting at which the proposed renewal of the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of Shares as altered (“**Treasury Shares Limit**”). Treasury Shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

**For illustrative purposes**, the Company may only retain a further 12,682,349 Shares as treasury shares as it is only allowed to hold a maximum of 18,982,349 treasury shares (being 10% of the total number of issued Shares of 189,823,497 Shares excluding treasury shares and subsidiary holdings).

#### 2.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company, in respect of the treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury shares into treasury shares of a smaller or larger amount (as the case may be) is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

#### 2.5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of, or pursuant to a share scheme of the Company;
- (c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of, another company or assets of another person;

## APPENDIX DATED 11 APRIL 2022

- (d) cancel the treasury shares (or any of them); or
- (e) sell, transfer or otherwise use the treasury shares (or any of them) for such other purposes as may be prescribed by the Minister for Finance of Singapore.

Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, “Usage”). Such announcement must include details such as the date of the Usage, the purpose of the Usage, the number of treasury shares comprised in the Usage, the number of treasury shares before and after the Usage, the percentage of the number of treasury shares comprised in the Usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the Usage and the value of the treasury shares comprised in the Usage.

### 2.6 Source of Funds

The Company may use internal resources and/or external borrowings to finance purchases of its Shares pursuant to the Share Buyback Mandate. The Directors do not propose to carry out Share Buybacks to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company and/or the Group.

### 2.7 Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders’ resolution to approve the Share Buybacks by the Company, the Company shall lodge a copy of such resolution with ACRA. The Company shall also notify the ACRA within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the Share Buybacks, including the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company’s issued share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the Share Buybacks, and whether the Shares are purchased out of the profits or the capital of the Company.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

### 2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications as a result of any share purchase or acquisition by the Company, or who may be subject to tax whether in or outside Singapore, should consult their professional advisers.

### 2.9 Catalist Rules

Under the Catalist Rules, a listed company may purchase shares by way of Market Purchases at a price per Share which is not more than five per cent (5%) above the Average Closing Price. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in section 2.3.5(a) above, conforms to this restriction. Additionally, the Catalist Rules also specifies that a listed company shall announce all purchases or acquisitions of its shares via the SGXNET not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

## APPENDIX DATED 11 APRIL 2022

Such announcement shall include, *inter alia*, details of the total number of shares authorised for purchase, the date of purchase, prices paid for the total number of shares purchased, the purchase price per share or the highest price and lowest price per share (as applicable), and the number of issued shares after purchase, in the form prescribed under the Catalist Rules.

While the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase of Shares pursuant to the renewed Share Buyback Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Directors until such price-sensitive information has been publicly announced.

Further, in line with the Company’s best practices guide on securities dealings under the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing one (1) month immediately preceding the announcement of the Company’s annual (full year) or interim (half-year) results.

### 2.10 Listing Status

Catalist Rules requires a listed company to ensure that at least ten per cent (10%) of its Shares (excluding treasury shares and subsidiary holdings) are in the hands of the public. The term “public”, as defined under the Catalist Rules, are persons other than (i) the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries; and (ii) the Associates (as defined in the Catalist Rules) of persons in (i). As at the Latest Practicable Date, there are 64,958,497 Shares in the hands of the public, representing 34.22% of the issued Shares of the Company (based on 189,823,497 issued Shares, excluding 6,300,000 treasury shares and subsidiary holdings, as at the Latest Practicable Date).

**For illustration purpose only**, assuming that the Company purchases up to the maximum number of 10% of the issued Shares (excluding treasury shares and subsidiary holdings), being 18,982,349 Shares as at the Latest Practicable Date from members of the public, the resultant number of Shares held by the public after the purchase of such Shares would be 45,976,148 Shares, representing approximately 26.91% of the remaining issued Shares (excluding treasury shares and subsidiary holdings). Accordingly, the Company is of the view that there are sufficient numbers of the Shares in issue held by public. Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full ten per cent (10%) limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of the Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading of Shares.

In undertaking any purchase of its Shares, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the share buyback(s) will not:

- (a) adversely affect the listing status of the Shares on the SGX-ST;
- (b) cause market illiquidity; or
- (c) adversely affect the orderly trading of Shares.

## APPENDIX DATED 11 APRIL 2022

### 2.11 Implications under the Take-over Code

The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

#### 2.11.1 Obligation to make a take-over offer

Rule 14 of the Take-over Code ("**Rule 14**") requires, *inter alia*, that except with the consent of the Securities and Industry Council of Singapore ("**SIC**"), where:–

- (a) any person acquires, whether by a series of transaction over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights or a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group or persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentages of voting rights of such person and their concert parties, treasury shares and subsidiary holdings shall be excluded.

#### 2.11.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies, who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert with each other under the Take-over Code:

- (a) the following companies:–
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of any of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v). For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of the first-mentioned company; and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

## APPENDIX DATED 11 APRIL 2022

- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of:–
  - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
  - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:–
  - (i) an individual;
  - (ii) the close relatives of (i);
  - (iii) the related trusts of (i);
  - (iv) any person who is accustomed to act in accordance with the instructions of (i);
  - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
  - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 as a result of a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

### **2.11.3 Effect of Rule 14 and Appendix 2 of the Take-over Code**

Appendix 2 of the Take-over Code contains the share buy-back guidance note. In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, if, as a result of any purchase or acquisition by the Company of its Shares, the proportionate percentage of voting rights held by a Shareholder and persons acting in concert with him increase, such increase will be treated as an acquisition for the purposes of the Take-over Code. If as a result of such increase, a Shareholder or group of Shareholders acting in concert with a Director obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert with a Director could become obliged to make a take-over offer for the Company under Rule 14.

## APPENDIX DATED 11 APRIL 2022

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30 per cent (30%) or more, or, if such Shareholder holds between 30 per cent (30%) and 50 per cent (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution to approve the renewal of the Share Buyback Mandate. As the estate of Mr. Foo Chek Heng and his concert parties already collectively hold more than 50% of the Shares in the Company, the estate of Mr Foo Chek Heng will not be required to make a take-over offer under the Take-over Code as a result of the Company buying back its own shares.

Under the Take-over Code, it is deemed that the estate of Foo Chek Heng, deceased and Salix Capital Pte Ltd (which is 100% owned by Foo Suay Lun, who is an executive director of the Company) are acting in concert ("**Concert Party Group**"). As at the Latest Practicable Date, the Concert Party Group holds an aggregate of 122,575,000 shares representing 64.57% of the Shares (excluding treasury shares and subsidiary holdings). Based on the shareholding of the Concert Party Group, in the event the Company undertakes Share buyback under the renewed Share Buyback Mandate up to the maximum limit of ten percent (10%) of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) as permitted by the renewed Share Buyback Mandate, the shareholdings and voting rights of the Concert Party Group will increase from 64.57% to 71.75%.

### **2.12 Details of the Shares Bought by the Company in the Previous 12 Months**

The Company has not purchased or acquired any Shares in the previous 12 months preceding the Latest Practicable Date.

### **2.13 Interested Persons**

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer of the Company or controlling shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his/her Shares to the Company.

## **3. LIMITS ON SHAREHOLDINGS**

The Company does not have any limits on the shareholding of any Shareholder.

## **4. FINANCIAL EFFECTS OF SHARE BUYBACK MANDATE**

### **4.1 General**

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial results of the Company and the Group for the financial year ended 31 December 2021 and are not necessarily representative of future financial performance. Although the Share Buyback Mandate would authorise the Company to buy back up to ten per cent (10%) of the Company's issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily buyback or be able to buyback ten per cent (10%) of the issued Shares (excluding treasury shares and subsidiary holdings) in full.

## APPENDIX DATED 11 APRIL 2022

### 4.2 The Share Buyback Mandate

It is not possible for the Company to realistically calculate or quantify the impact of purchases as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held as treasury shares or cancelled.

Under the Companies Act, Share Buybacks by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration (including brokerage, stamp duties, applicable goods and services tax and other related expenses) paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Share Buybacks will only be made after considering relevant factors such as the availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhance Shareholders' value as set out in section 2.2. The financial effects of the Company and the Group, presented below, based on audited consolidated financial results of the Company and the Group for the financial year ended 31 December 2021; are based on the assumptions set out below:

- (a) based on 189,823,497 Shares in issue (excluding 6,300,000 treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming no further Shares are issued and no further Shares are purchased or acquired pursuant to the Share Buyback Mandate on or prior to the AGM.
- (b) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purposes of computing the financial effects;
- (c) in the case of a Market Purchase by the Company and assuming that the Company purchases or acquires 18,982,349 Shares at the Maximum Purchase Price of S\$0.065 for one Share (being the price equivalent to 105% of the Average Closing Price for the Shares for the five consecutive Market Days on which Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date which is 31 March 2022), the maximum amount of funds required for the purchase or acquisition of 18,982,349 Shares is approximately S\$1.2 million and is assumed to be financed by internal resources; and
- (d) in the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 18,982,349 Shares at the Maximum Purchase Price of S\$0.074 for one Share (being the price equivalent to 20% above the Average Closing Price for the Shares for the five consecutive Market Days on which Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date which is 31 March 2022), the maximum amount of funds required for the purchase or acquisition of 18,982,349 Shares is approximately S\$1.4 million and is assumed to be financed by internal resources.

## APPENDIX DATED 11 APRIL 2022

**For illustrative purposes only and on the basis of the assumptions set out in (a), (b), (c) and (d) above,** the financial effects for Share buybacks made entirely out of capital are as follows:

### **4.2.1 Market or Off-Market Purchases made entirely out of profits and cancelled, or held as treasury shares**

The Company does not have enough accumulated profit as at 31 December 2021 to acquire or purchase Shares entirely out of profits and as such, it is not possible to calculate the financial effects of the Share Buyback made entirely out of profits whether by way of Market or Off-Market Purchases.

### **4.2.2 Market or Off-Market Purchases made entirely out of capital and cancelled, or held as treasury shares**

The financial effects of the purchase or acquisition of 18,982,349 Shares by the Company pursuant to the Share Buyback Mandate made entirely out of capital by way of Market and Off-Market Purchases and cancelled, or held as treasury shares (disregarding the treasury share limit as set out in section 2.5.1 of this Appendix) based on the audited consolidated accounts of the Group and the Company for the financial year ended 31 December 2021 as if the Share Buyback Mandate had been effective on 1 January 2021 are set out below:

#### **Market Purchase**

##### **Scenario 1**

***Purchase or acquisition of 18,982,349 Shares by the Company pursuant to the Share Buyback Mandate made entirely out of capital, with 12,682,349 shares held as treasury shares and 6,300,000 shares cancelled.***

	<b>Group</b>		<b>Company</b>	
	<b>Before Share Buyback</b>	<b>After Share Buyback</b>	<b>Before Share Buyback</b>	<b>After Share Buyback</b>
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
<b>Audited as at 31 December 2021</b>				
Shareholders' Funds	22,386	21,989	29,316	28,919
Treasury Shares	(630)	(1,429)	(630)	(1,429)
Total Shareholders' Funds	21,756	20,560	28,686	27,490
Net Assets	21,756	20,560	28,686	27,490
Current Assets	24,110	22,914	432	–
Current Liabilities	8,251	8,251	935	1,699
Lease Liabilities	2,081	2,081	–	–
(Loss) Attributable to Equity Holders	(903)	(903)	(265)	(265)
<b>No. of Shares ('000)</b>				
Ordinary Shares (excluding treasury shares and subsidiary holdings)	189,823	170,841	189,823	170,841
Net Assets per Share (cents)	11.46	12.03	15.11	16.09
Basic EPS (cents)	(0.48)	(0.53)	(0.14)	(0.16)
Current Ratio (times)	2.92	2.78	0.46	0.00
Gearing (times)	0.096	0.101	–	–

## APPENDIX DATED 11 APRIL 2022

Notes:

- (1) Shareholders' funds mean the aggregate of issued share capital, retained earnings and other reserves.
- (2) Net assets mean total assets minus total liabilities.
- (3) Lease liabilities mean the remaining lease payments due to banks and financial institutions.
- (4) Net assets per Share equals to net assets divided by the number of issued and paid-up shares which have excluded treasury shares and subsidiary holdings.
- (5) Basic EPS equals to net profit divided by the weighted average number of issued and paid-up shares (excluding treasury shares and subsidiary holdings).
- (6) Current ratio equals to current assets divided by current liabilities.
- (7) Gearing represents the ratio of lease liabilities to shareholders' funds.

### Market Purchase

#### Scenario 2

**Purchase or acquisition of 18,982,349 Shares by the Company pursuant to the Share Buyback Mandate made entirely out of capital and cancelled.**

	Group		Company	
	Before Share Buyback S\$ '000	After Share Buyback S\$ '000	Before Share Buyback S\$ '000	After Share Buyback S\$ '000
<b>Audited as at 31 December 2021</b>				
Shareholders' Funds	22,386	21,190	29,316	28,120
Treasury Shares	(630)	(630)	(630)	(630)
Total Shareholders' Funds	21,756	20,560	28,686	27,490
Net Assets	21,756	20,560	28,686	27,490
Current Assets	24,110	22,914	432	–
Current Liabilities	8,251	8,251	935	1,699
Lease Liabilities	2,081	2,081	–	–
(Loss) Attributable to Equity Holders	(903)	(903)	(265)	(265)
<b>No. of Shares ('000)</b>				
Ordinary Shares (excluding treasury shares and subsidiary holdings)	189,823	170,841	189,823	170,841
Net Assets per Share (cents)	11.46	12.03	15.11	16.09
Basic EPS (cents)	(0.48)	(0.53)	(0.14)	(0.16)
Current Ratio (times)	2.92	2.78	0.46	–
Gearing (times)	0.096	0.101	–	–

## APPENDIX DATED 11 APRIL 2022

Notes:

- (1) Shareholders' funds mean the aggregate of issued share capital, retained earnings and other reserves.
- (2) Net assets mean total assets minus total liabilities.
- (3) Lease liabilities mean the remaining lease payments due to banks and financial institutions.
- (4) Net assets per Share equals to net assets divided by the number of issued and paid-up shares which have excluded treasury shares and subsidiary holdings.
- (5) Basic EPS equals to net profit divided by the weighted average number of issued and paid-up shares (excluding treasury shares and subsidiary holdings).
- (6) Current ratio equals to current assets divided by current liabilities.
- (7) Gearing represents the ratio of lease liabilities to shareholders' funds.

For the purpose of these illustrations, it was assumed that the Company withdraws approximately S\$1.2 million from its bank deposit accounts within the Group to settle purchases of its Shares. The Company may, however, when making Shares purchases pursuant to the Share Buy-back Mandate, use other internal resources to finance the purchases.

### Off-Market Purchase

#### Scenario 1

**Purchase or acquisition of 18,982,349 Shares by the Company pursuant to the Share Buyback Mandate made entirely out of capital, with 12,682,349 shares held as treasury shares and 6,300,000 shares cancelled.**

	Group		Company	
	Before Share Buyback S\$ '000	After Share Buyback S\$ '000	Before Share Buyback S\$ '000	After Share Buyback S\$ '000
<b>Audited as at 31 December 2021</b>				
Shareholders' Funds	22,386	21,932	29,316	28,862
Treasury Shares	(630)	(1,544)	(630)	(1,544)
Total Shareholders' Funds	21,756	20,388	28,686	27,318
Net Assets	21,756	20,389	28,686	27,319
Current Assets	24,110	22,743	432	–
Current Liabilities	8,251	8,251	935	1,870
Lease Liabilities	2,081	2,081	–	–
(Loss) Attributable to Equity Holders	(903)	(903)	(265)	(265)
<b>No. of Shares ('000)</b>				
Ordinary Shares (excluding treasury shares and subsidiary holdings)	189,823	170,841	189,823	170,841
Net Assets per Share (cents)	11.46	11.93	15.11	15.99
Basic EPS (cents)	(0.48)	(0.53)	(0.14)	(0.16)
Current Ratio (times)	2.92	2.76	0.46	–
Gearing (times)	0.096	0.102	–	–

## APPENDIX DATED 11 APRIL 2022

Notes:

- (1) Shareholders' funds mean the aggregate of issued share capital, retained earnings and other reserves.
- (2) Net assets mean total assets minus total liabilities.
- (3) Lease liabilities mean the remaining lease payments due to banks and financial institutions.
- (4) Net assets per Share equals to net assets divided by the number of issued and paid-up shares which have excluded treasury shares and subsidiary holdings.
- (5) Basic EPS equals to net profit divided by the weighted average number of issued and paid-up shares (excluding treasury shares and subsidiary holdings).
- (6) Current ratio equals to current assets divided by current liabilities.
- (7) Gearing represents the ratio of lease liabilities to shareholders' funds.

### Off-Market Purchase

#### Scenario 2

**Purchase or acquisition of 18,942,349 Shares by the Company pursuant to the Share Buyback Mandate made entirely out of capital and cancelled.**

	Group		Company	
	Before Share Buyback S\$ '000	After Share Buyback S\$ '000	Before Share Buyback S\$ '000	After Share Buyback S\$ '000
<b>Audited as at 31 December 2021</b>				
Shareholders' Funds	22,386	21,019	29,316	27,949
Treasury Shares	(630)	(630)	(630)	(630)
Total Shareholders' Funds	21,756	20,389	28,686	27,319
Net Assets	21,756	20,389	28,686	27,319
Current Assets	24,110	22,743	432	–
Current Liabilities	8,251	8,251	935	1,870
Lease Liabilities	2,081	2,081	–	–
(Loss) Attributable to Equity Holders	(903)	(903)	(265)	(265)
<b>No. of Shares ('000)</b>				
Ordinary Shares (excluding treasury shares and subsidiary holdings)	189,823	170,841	189,823	170,841
Net Assets per Share (cents)	11.46	11.93	15.11	15.99
Basic EPS (cents)	(0.48)	(0.53)	(0.14)	(0.16)
Current Ratio (times)	2.92	2.76	0.46	–
Gearing (times)	0.096	0.102	–	–

## APPENDIX DATED 11 APRIL 2022

Notes:

- (1) Shareholders' funds mean the aggregate of issued share capital, retained earnings and other reserves.
- (2) Net assets mean total assets minus total liabilities.
- (3) Lease liabilities mean the remaining lease payments due to banks and financial institutions.
- (4) Net assets per Share equals to net assets divided by the number of issued and paid-up shares which have excluded treasury shares and subsidiary holdings.
- (5) Basic EPS equals to net profit divided by the weighted average number of issued and paid-up shares (excluding treasury shares and subsidiary holdings).
- (6) Current ratio equals to current assets divided by current liabilities.
- (7) Gearing represents the ratio of lease liabilities to shareholders' funds.

For the purpose of these illustrations, it was assumed that the Company withdraws approximately S\$1.4 million from its bank deposit accounts within the Group to settle purchases of its Shares. The Company may, however, when making Shares purchases pursuant to the Share Buyback Mandate, use other internal resources to finance the purchase.

**Shareholders should note that the financial effects set out above are for illustrative purposes only. It should be noted that the above analyses are based on historical audited financial statements for the financial year ended 31 December 2021 and is not necessarily representative of future financial performance.**

**Although the Share Buyback mandate would authorise the Company to purchase or acquire up to ten per cent (10%) of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent (10%) of the total issued ordinary share capital of the Company. In addition, the Company may cancel all or part of the Shares repurchased or may hold all or part of the Shares repurchased in treasury (subject to the Treasury Shares Limit).**

### 5. INTERESTS OF DIRECTORS (AND CONCERT PARTIES WHERE RELEVANT) AND/OR SUBSTANTIAL SHAREHOLDERS

Assuming (i) the Company purchases the maximum number of ten per cent (10%) of the issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the Latest Practicable Date, and (ii) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders of the Company based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company maintained pursuant to Section 164 and Section 88 of the Companies Act respectively, as at the Latest Practicable Date, the shareholdings of the Directors and Substantial Shareholders before and after the purchase of Shares, were/ will be as follows:

## APPENDIX DATED 11 APRIL 2022

Director	Before the Share Buyback			After the Share Buyback	
	No. of Shares			% of total issued shares <sup>(1)</sup>	% of total issued shares <sup>(2)</sup>
	Direct	Deemed	Total		
Foo Suay Wei	–	–	–	–	–
Foo Suay Lun <sup>(5)</sup>	–	49,449,500	49,449,500	26.05%	28.94%
Wong Loke Tan	–	–	–	–	–
Yeo Guat Kwang	790,000	–	790,000	0.42%	0.47%
Serena Lee Chooi Li <sup>(6)</sup>	–	1,500,000	1,500,000	0.79%	0.88%
<b>Substantial Shareholder (excluding Directors)</b>					
Estate of Foo Chek Heng, deceased <sup>(3)</sup>	72,725,500	400,000	73,125,500	38.52%	42.80%
Estate of Foo Chek Heng, deceased and concert parties <sup>(4)</sup>	72,725,500	49,849,500	122,575,000	64.57%	71.74%
Salix Capital Pte Ltd <sup>(5)</sup>	49,449,500	–	49,449,500	26.05%	28.94%

Notes:

- (1) The percentages in the table are calculated based on the total interests (direct and deemed) against 189,823,497 Shares (excluding 6,300,000 treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) The percentages in the table are calculated based on the total interests (direct and deemed) against 170,841,148 Shares (excluding 18,982,349 treasury shares and subsidiary holdings) assuming the Company purchases the maximum number of 10% of the Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- (3) the estate of Mr Foo Chek Heng, deceased, is deemed interested in 400,000 Shares held by his wife, Mdm Dalat Kositanon.
- (4) Under the Take-over Code, it is deemed that the estate of Foo Chek Heng, deceased and Salix Capital Pte Ltd (which is 100% owned Foo Suay Lun, who is executive director) are acting in concert. They hold an aggregate of 122,575,000 shares, representing 64.57% of the Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- (5) Salix Capital Pte Ltd is 100% owned by Foo Suay Lun, Executive Director. Accordingly, Foo Suay Lun is deemed interested in the 49,449,500 Shares held by Salix Capital Pte Ltd.
- (6) Serena Lee Chooi Li is deemed to have an interest in 1,500,000 Shares held through nominees of securities company.

### 6. APPROVALS AND RESOLUTIONS

Shareholders' approval for the proposed renewal of the Share Buyback Mandate is being sought at the AGM. The resolution relating to the proposed renewal of the Share Buyback Mandate is contained in the Notice of AGM to Shareholders as Ordinary Resolution 6. Shareholders should refer to the Notice of AGM for details of how to participate at the AGM.

### 7. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 6 as to be set out in the Notice of AGM to Shareholders.

## APPENDIX DATED 11 APRIL 2022

### 8. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current Covid-19 restriction orders in Singapore, Shareholders will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow shareholders to participate at the AGM. Shareholders should refer to the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM, which has been uploaded to SGXNET at <https://www.sgx.com/securities/company-announcements> and is also available on the Company's website at <https://www.koyotech.com>.

A depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least seventy-two (72) hours before the time fixed for holding the AGM, or any adjournment thereof.

### 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix 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 Appendix in its proper form and context.

### 10. INSPECTION OF DOCUMENTS

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the Constitution of the Company is available for inspection at the registered office of the Company at 53 Ubi Avenue 3, #02-01 Singapore 408863 during normal business hours from the date of this Appendix up to the date of the AGM.

Yours faithfully  
For and on behalf of the Board of Directors  
**Koyo International Limited**

Foo Suay Wei  
Managing Director and Chief Executive Officer  
11 April 2022

# NOTICE OF ANNUAL GENERAL MEETING

## **KOYO INTERNATIONAL LIMITED**

(Company Registration No. 200100075E)  
(Incorporated in the Republic of Singapore)

### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of Koyo International Limited (“**Company**”) will be convened and held at by way of electronic means on Tuesday, 26 April 2022 at 2.00 p.m. (Singapore time) to transact the following businesses:

#### **AS ORDINARY BUSINESS**

1. To receive and adopt the Audited Financial Statements and the Directors’ Statement of the Company and the Group for the financial year ended 31 December 2021 together with the Auditors’ Report thereon. **(Resolution 1)**
  
2. To approve the payment of Directors’ fees of S\$120,000 for the financial year ending 31 December 2022, payable quarterly in arrears. (FY2021: S\$120,000) **(Resolution 2)**
  
3. (a) To re-elect Mr. Foo Suay Lun who is retiring by rotation pursuant to Regulation 100 of the Constitution of the Company. **(Resolution 3)**
  
- (b) To note the retirement of Ms. Serena Chooi Li pursuant to Regulation 100 of the Constitution of the Company and she will not be seeking re-election at this AGM.
  
- [See Explanatory Note (1)]
  
4. To re-appoint Messrs UHY Lee Seng Chan & Co as the auditor of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Director to fix their remuneration. **(Resolution 4)**
  
5. To transact any other ordinary business which may properly be transacted at an AGM.

#### **AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

6. Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 of Singapore (“**Companies Act**”) and Rule 806 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual – Section B: Rules of Catalist (“**Catalist Rules**”)

THAT the Directors be and are hereby authorised pursuant to the provisions of Section 161 of the Companies Act and Rule 806 of the Catalist Rules to:

- (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) by way of rights, bonus or otherwise; and/or
  
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

## NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of the Instruments made or granted by the Directors while this Resolution was in force.

### PROVIDED ALWAYS THAT:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this resolution in force;
- (2) (subject to the manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a), the percentage of the total issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
- (b) new Shares arising from exercising share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with sub paragraphs 6(2)(a) or 6(2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and
- (4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (2)]

**(Resolution 5)**

# NOTICE OF ANNUAL GENERAL MEETING

## 7. Proposed Renewal of Share Buyback Mandate

THAT:

- (a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**"), not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), and such purchases and acquisitions of the Shares may be effected by way of:-
- (i) Market purchases ("**Market Purchases**") transacted on the SGX-ST's through the ready market trading system or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
  - (ii) Off-market purchases ("**Off-Market Purchases**") effected otherwise than on the SGX-ST in accordance with an equal access scheme(s), as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act, the Constitution of the Company and the Catalist Rules as may for the time being, be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buyback Mandate**");

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the Relevant Period (as hereinafter defined) and expiring on the earliest of:
- (i) the date on which the next AGM is held or required by law to be held;
  - (ii) the date on which the Share Buybacks are carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders in a general meeting.
- (d) for the purposes of this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five days on which the SGX-ST is open for trading in securities ("Market Days") and which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase, or as the case may be, the Day of the Making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

"**Day of the Making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders pursuant to the Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

## NOTICE OF ANNUAL GENERAL MEETING

**“Maximum Limit”** means ten percent (10%) of the total issued Shares of the Company as at the date of the passing of this ordinary resolution, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buyback) in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined) in which event the issued Shares of the Company shall be taken to be the total number of the issued Shares as altered by such capital reduction (the total number of Shares shall exclude any Shares that may be held as treasury shares by the Company from time to time);

**“Maximum Price”** in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed: (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and (ii) in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120% of the Average Closing Price; and

**“Relevant Period”** means the period commencing from the date of passing this ordinary resolution and expiring on the earliest of the date on which the next AGM of the Company is held or required by law to be held, the date on which the Share Buybacks are carried out to the full extent of the Share Buyback Mandate or date the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting;

- (e) the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;
- (f) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buyback Mandate in any manner as they think fit, which is permitted under the Companies Act; and
- (g) the Directors of the Company and/or any of them be and are hereby authorised, empowered to complete and do and execute all such things and acts (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this ordinary resolution.

**(Resolution 6)**

### **By Order of the Board**

Shirley Tan Sey Liy  
Company secretary  
11 April 2022

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes

- (1) Mr. Foo Suay Lun (“**Mr. Foo**”) will, upon re-election as a director of the Company, remain as the Executive Director of the Company. Mr. Foo is the brother of Mr. Foo Suay Wei, Managing Director/CEO of Koyo, son of Mdm Dalat Kositanon, an existing executive officer, son of the late Mr. Foo Chek Heng, former Managing Director and substantial shareholder of Koyo, and the deemed substantial shareholder of the Company as Mr. Foo owns 100% of Salix Capital Pte. Ltd.. Save as disclosed, Mr. Foo does not have any material relationships between himself and the Directors and the Company.

Ms. Serena Chooi Li will retire and not be seeking for re-election pursuant to Regulation 100 of the Constitution of the Company at the AGM. Upon her retirement, she would relinquish as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. At the same time, the Board will continue its search for a new Independent Director to comply with the requirements of the provision 2.3, 4.2, 6.2, 10.2 of the Corporate Governance Code and the Catalyst Rules 704 (7).

Please refer to pages 39 to 42 of the Annual Report for the detailed information for Mr. Foo required pursuant to Rule 720(5) of the Catalyst Rules.

- (2) Ordinary Resolution 5 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue ordinary shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments. The aggregate number of shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the total number of Shares issued other than on a pro rata basis to existing shareholders of the Company, shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

For determining the aggregate number of Shares that may be issued, the percentage of total issued Shares will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time Resolution 5 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities, the exercise of share options or vesting of share awards outstanding or subsisting at the time when Resolution 5 is passed and any subsequent consolidation or subdivision of Shares.

## Notes relating to measures to minimise the risk of COVID-19:

### General

- The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice of AGM (“**Notice**”), the Proxy Form and the Company’s annual report for the financial year ended 31 December 2021 (“**Annual Report**”) will not be sent to members. Instead, this Notice, Proxy Form and Annual Report will be sent to members by electronic means via publication on the Company’s corporate website <http://www.koyotech.com> and the following URL: <https://koyointlagm2022.investor.exchange/>. This link will be available to shareholders from 11 April 2022 onwards. This Notice and Annual Report will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:
  - watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 3 below;
  - submitting questions ahead of the AGM. Please refer to Notes 7 to 9 below for further details; and
  - voting by proxy at the AGM. Please refer to Notes 10 to 11 below for further details.

### Participation in the AGM via live webcast or live audio feed

- A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a “live” webcast or web audio-only access via mobile phone, tablet or computer (“**Live Webcast**”). In order to do so, the member must pre-register by 2.00 p.m. on 23 April 2022 (“**Registration Deadline**”), at the following URL: <https://koyointlagm2022.investor.exchange/> (“**Koyo AGM Website**”), to create an account.
- Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

## NOTICE OF ANNUAL GENERAL MEETING

5. Shareholders (including SRS/CPF shareholders) who have registered by the Registration Deadline in accordance with paragraph 3 above but do not receive an email response by 2.00 p.m. on 25 April 2022 may contact the Company for assistance at the following email address: mail@koyointernational.com, with the following details included: (1) the member's full name; and (2) his/her/its identification/registration number.
6. Non-SRS holders whose shares are registered under Depository Agents ("DAs") must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceedings.

### **Submission of questions prior to the AGM**

7. Please note that shareholders will not be able to ask questions during the Live Webcast, and therefore it is important for shareholders who wish to ask questions to submit their questions in advance. A shareholder of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations no later than 18 April 2022. The Company will endeavour to address all relevant and substantial questions (as may be determined by the Company in its sole discretion) relating to the resolutions to be tabled and for approval at the AGM prior to or at the AGM. The responses to these questions will be published on or before 2.00pm on 21 April 2022 before the AGM via SGXNet and the Company's website or if answered during the AGM, will be included in the minutes of the AGM which shall be published on the SGXNet and the Company's website within one month after the date of AGM. After the cut-off time for the submission of questions, if there are substantial and relevant questions received, the Board may address them at the AGM.
8. To do so, all questions must be submitted no later than 18 April 2022 through any one of the following means:
  - (a) via the Koyo AGM Website; or
  - (b) in physical copy by depositing the same at the registered office of the Company at 53 Ubi Avenue 3 #02-01 Singapore 408863; or
  - (c) by email to mail@koyointernational.com.
9. If the questions are deposited in physical copy at the Company's registered office or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

### **Voting by proxy**

10. Shareholders may only exercise their voting rights at the AGM via proxy voting. The accompanying proxy form for the AGM may be accessed via the Koyo AGM Website, the Company's corporate website <https://www.koyotech.com/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
11. Shareholders (including Relevant Intermediary\*) who wish to vote on any or all of the resolutions at the AGM must submit a proxy form to appoint the Chairman of the Meeting as their proxy to do so on their behalf.
12. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be lodged at the registered office of the Company at 53 Ubi Avenue 3 #02-01 Singapore 408863;
  - (b) if submitted electronically, be submitted via email to the mail@koyointernational.com; or
  - (c) via the Koyo AGM Website download the Proxy Form and if submitted the duly signed Proxy Form to the Company via email at mail@koyointernational.com;

in either case, **by no later than 23 April 2022, 2.00 p.m., being at least seventy-two (72) hours before the time appointed for holding the Meeting.**

In the case of submission of the Proxy Form other than via the Koyo AGM Website, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

# NOTICE OF ANNUAL GENERAL MEETING

13. In the case of submission of the Proxy Form other than via the Koyo AGM Website, the instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
14. An investor who holds shares under the SRS/CPF Investor Schemes and wishes to vote, should approach their respective SRS/CPF Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least 7 working days (by 14 April 2022 at 2.00pm) before the AGM.
15. A Depositor's name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.
16. An electronic copy of each of the Company's annual report for the financial year ended 31 December 2021, Notice of AGM, Proxy Form and Appendix in relation to the Proposed Renewal of the Share Buyback Mandate has also made available on:
  - (a) the Company's corporate website at <http://www.koyotech.com>;
  - (b) the website set up for the purposes of the AGM at the following URL: <https://koyointlagm2022.investor.exchange/>; and
  - (c) the SGX website at <https://www.sgx.com/securities/company-announcements>
17. Please note that shareholders will not be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

\* A Relevant Intermediary is:

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

## PERSONAL DATA PRIVACY

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

# KOYO INTERNATIONAL LIMITED

(Company Registration No. 200100075E)

(Incorporated In the Republic of Singapore)

## PROXY FORM ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. The Annual General Meeting ("**Meeting**") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.2) Order 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.3) Order 2020. **In view of the current COVID-19 restrictions imposed by the Government of Singapore, a member will not be able to physically attend the Meeting. A member (including Relevant Intermediary#) must appoint the Chairman of the Meeting as proxy to vote on his/her/its behalf at the Meeting if such member wishes to exercise his/ her/its voting rights at the Meeting.**
2. Alternative arrangements relating to the attendance of the Meeting through electronic means, as well as conduct of the Meeting and relevant guidance with full details are set out in the accompanying Company's notice of AGM dated 11 April 2022, which can be accessed via the SGX website at: <https://www.sgx.com/securities/company-announcements>, the Company's corporate website at <http://www.koyotech.com> and the website set up for the purposes of the AGM at the following URL: <https://koyointlagm2022.investor.exchange/>.
3. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators (being relevant intermediaries) to submit their votes by 2.00 p.m. on 14 April 2022.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointments as proxies.

I/We\*, \_\_\_\_\_ (Name)

NRIC No./Passport No./Company Registration No.\* \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members\* of **KOYO INTERNATIONAL LIMITED** ("**Company**"), hereby appoint:

Chairman of the Annual General Meeting ("**Meeting**") as my/our\* proxy to attend and vote for me/us\* on my/our\* behalf at the Meeting of the Company to be convened and held by way of **electronic means** on **Tuesday, 26 April 2022 at 2.00 p.m.** and at any adjournment thereof. I/We\* direct my/our\* proxy to vote for, against or to abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy will vote or abstain from voting at his discretion. In terms of proxy voting, the shareholder/shareholders must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

No.	Resolutions relating to:	No. of Votes 'For'***	No. of Votes 'Against'***	No. of Votes 'Abstain'***
1	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2021 together with the Auditor's Report thereon			
2	To approve the payment of Directors' fees of S\$120,000 for the financial year ending 31 December 2022, payable quarterly in arrears (2021: S\$120,000)			
3	To re-elect Mr. Foo Suay Lun as a Director			
4	To re-appoint Messrs UHY Lee Seng Chan & Co as auditors of the Company, to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration			
5	To authorise Directors to issue and allot shares			
6	To approve the renewal of Share Buyback Mandate			

\* Delete where inapplicable

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s)  
and/or, Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. **In view of the COVID-19 restrictions imposed by the Government of Singapore, members will not be able to attend the Meeting in person. A member of the Company (including a Relevant Intermediary#) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
3. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - a. if submitted by post, be lodged at the registered office of the Company at 53 Ubi Avenue 3 #02-01 Singapore 408863; or
  - b. if submitted electronically, be submitted via email to the mail@koyointernational.com; or
  - c. via the following URL: <https://koyointlagm2022.investor.exchange/> ("**Koyo AGM Website**") in the electronic format accessible on the Koyo AGM Website;

in either case, **by no later than 23 April 2022, 2.00 p.m., being at least seventy-two (72) hours before the time appointed for holding the Meeting.**

In the case of submission of the Proxy Form other than via the Koyo AGM Website, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

4. In the case of submission of the Proxy Form other than via the Koyo AGM Website, the instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
5. An investor who holds shares under the CPF or Supplementary Retirement Scheme ("CPF/SRS Investor") and wishes to vote, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 14 April 2022 at 2.00 p.m. to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the date of the AGM.
6. A Depositor's name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.
7. **Please note that shareholders will not be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

# A Relevant Intermediary is:

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

**General:**

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting 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 Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2022.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Wong Loke Tan  
Independent Non-Executive Chairman

Foo Suay Wei  
Managing Director and Chief Executive Officer

Foo Suay Lun  
Executive Director

Yeo Guat Kwang  
Independent Non-Executive Director

Serena Lee Chooi Li  
Independent Non-Executive Director

## AUDIT COMMITTEE

Wong Loke Tan (Chairman)  
Yeo Guat Kwang  
Serena Lee Chooi Li

## NOMINATING COMMITTEE

Yeo Guat Kwang (Chairman)  
Foo Suay Wei  
(with effect from 19 November 2021 in place of Foo Chek Heng)  
Serena Lee Chooi Li

## REMUNERATION COMMITTEE

Serena Lee Chooi Li (Chairman)  
Yeo Guat Kwang  
Wong Loke Tan

## COMPANY SECRETARY

Shirley Tan Sey Liy (FCS, FCG)

## REGISTERED OFFICE

53 Ubi Ave 3 #02-01  
Singapore 408863  
Tel: 6744 9388  
Fax: 6744 0788  
Email: [mail@koyointernational.com](mailto:mail@koyointernational.com)  
Web: [www.koyotech.com](http://www.koyotech.com)  
Company Registration No. 200100075E

## SHARE REGISTRAR

Boardroom Corporate & Advisory  
Services Pte Ltd  
1 Harbourfront Avenue  
Keppel Bay Tower #14-07  
Singapore 098632  
Tel: 6536 5355  
Fax: 6438 8710

## SOLICITOR

Legal Solutions LLC  
80 Raffles Place  
#44-01 UOB Plaza 1  
Singapore 048624

## INDEPENDENT AUDITOR

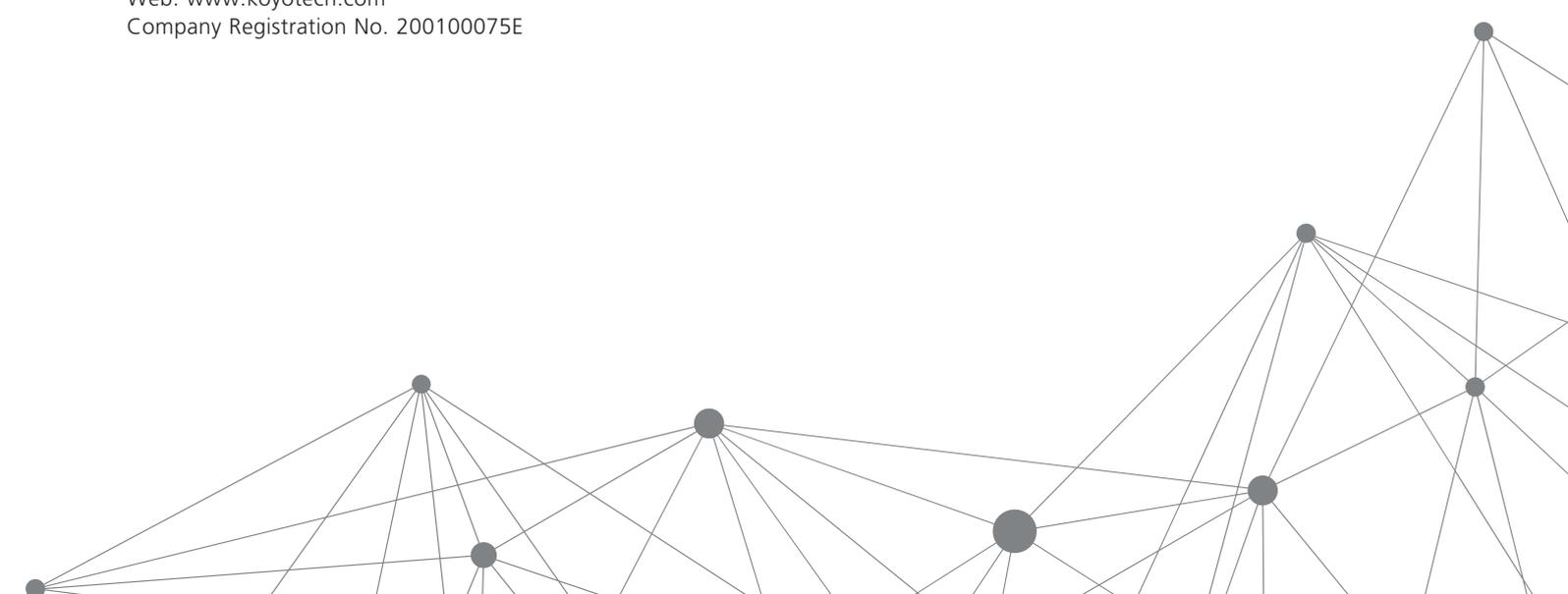
UHY Lee Seng Chan & Co  
Public Accountants and  
Chartered Accountants  
6001 Beach Road  
#14-01 Golden Mile Tower,  
Singapore 199589  
Partner-in-charge: Lee Sen Choon  
Year of first appointment: Since the  
financial year ended 31 December 2020

## PRINCIPAL BANKERS

DBS Bank Ltd  
OCBC Bank

## CONTINUING SPONSOR

PrimePartners Corporate Finance Pte. Ltd.  
16 Collyer Quay  
#10-00 Income at Raffles  
Singapore 049318





53 Ubi Ave 3, #02-01  
Singapore 408863  
Tel : 6744 9388 | Fax : 6744 0788  
Email : [mail@koyointernational.com](mailto:mail@koyointernational.com)  
Web: [www.koyotech.com](http://www.koyotech.com)

