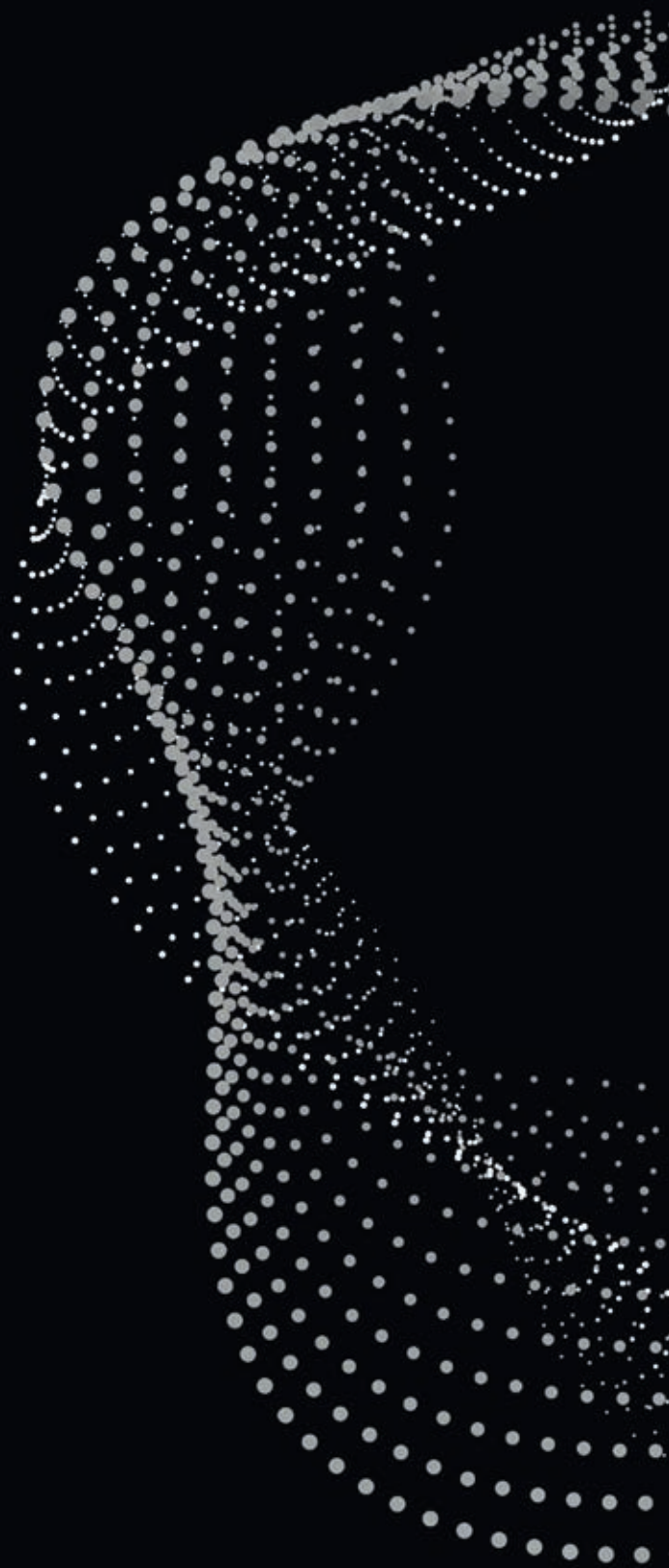




# DEFINING EXPERIENCES

KINGSMEN CREATIVES LTD  
ANNUAL REPORT 2022



## CONTENTS

Chairman's Message	04
Group CEO's Message	06
Board of Directors	08
Senior Management	10
Financial Highlights	14
Exhibitions, Thematic & Attractions	20
Retail & Corporate Interiors	22
Research & Design	24
Experiential Marketing	26
Corporate Information	28
Corporate Governance Report	29
Financial Statements	45
Major Properties	135
Statistics of Shareholdings	136
Notice of Twentieth Annual General Meeting	138
Additional Information on Directors Seeking Re-election	143
Proxy Form	

At Kingsmen, we believe in creating experiences that move and inspire. Our design DNA permeates all that we do, propelled by a diverse team of people working towards a common purpose – to tell unique stories and enhance value for all our stakeholders. We work as one, and together deliver innovative ideas and world-class experiences with every campaign and build.

# DEFINING

## VISION

Design-led, quality and service-driven

# EXPERIENCES

## MISSION

To maintain our position as a leader in the Asia Pacific region

To be an active global player and be recognised as one of the elite marketing communication houses globally

To provide exciting and fulfilling career opportunities for all members through continual expansion and continuous learning

# CHAIRMAN'S MESSAGE



**Dear Shareholders,**

The robustness of our business model and the resilience of our people have enabled us to weather the challenges of the pandemic years. Amid the uncertainty and disruptions in the marketplace, our business fundamentals, together with the wide-ranging measures taken to stay trim and improve our processes, have enabled us to emerge stronger and more resilient.

While geopolitical uncertainties prevail, the opening of the regional economies have led to positive business outlook and rising expectations of good face-to-face engagement opportunities in our markets. We also see a fundamental shift in clients' demands and our ability to create and deliver a differentiated customer experience has taken on added importance.

Driving this focus will be our KR&D team, which will continue to enhance capabilities in ideation and the creation of differentiated physical and digital offerings for our clients. We achieve the differentiated services by leveraging on strategic insights through market research, various experiential driven technologies and storytelling.

As we continue to innovate, we are also stepping up our marketing efforts, with deliberate directives to increase our social media presence and engagement platforms across our markets.

With the rapid return of physical events and face-to-face interactions, there has been a manpower crunch and we are increasing our talent base selectively, and focusing our attention on the well-being and enhancement of the technical capabilities of our staff. The upgrading of skills and the greater utilisation of digital platforms will ensure we remain relevant and also enable us to gain better efficiency and productivity.

Moving forward, our established network in the region, integrated services, and strong design and creative capabilities, will stand us in good stead to capitalise on the opportunities in this new market environment.

**BENEDICT SOH**  
Chairman

# GROUP CEO'S MESSAGE





**Dear Shareholders,**

I am pleased to share that we have turned the corner. Our markets are finally fully open and we see increasing demand for our solutions and services. Throughout the year, we have maintained a tight rein on cost management and focused on maximising efficiency and operational productivity. Although some projects continued to be put on hold, our diversified capabilities and portfolios enabled us to secure new opportunities that emerged, and all divisions recorded an increase in business volume. We ended the year recording a net profit of S\$4.6 million in 2022, with a revenue of S\$328.4 million, an increase of 20.2% compared to the previous year.

Our Exhibitions, Thematic & Attractions division recorded a revenue of S\$141.6 million in 2022, a 30.1% increase from S\$108.8 million in 2021. This was mainly due to the return of physical trade shows, conferences and events as travel restrictions and social distancing requirements due to the COVID-19 pandemic eased. Organisers and brand owners have been aggressively making up for lost time and ground, and we see many new shows, branded pop-ups, and activation and engagement events being planned. The thematic attractions market continues to be buoyant and there is a good pipeline of projects coming onstream across the region. Our teams are busy managing and delivering multiple committed projects.

Our Retail & Corporate Interiors division recorded a revenue of S\$164.4 million in 2022, an increase of 10.8% compared to S\$148.4 million in 2021. There was a pick up in the volume of projects as clients accelerated their business plans to refresh or launch new concepts to engage audiences in the new environment. We also witnessed heightened demand for new and exciting customer experiences and engagement platforms, especially in branded pop-ups and experiential installations, as well as for travel retail, as travel sees a resurgence. These open up new opportunities for us, and we see many enquiries and projects from existing and new clients across the region.

Our Research & Design division recorded a revenue of S\$14.6 million in 2022, an increase of 12.4% from S\$13.0 million in 2021. Through innovative design solutions offered to clients, we managed to capitalise on opportunities and saw numerous projects

proceeding or completed as planned. As we move forward, our teams continue to be busy, fulfilling and meeting enquiries for new experiences and engagement concepts. Our intent is to continue the enhancement of our creative capabilities, to deliver more innovative and experiential solutions to clients.

Our Experiential Marketing division recorded a revenue of S\$7.7 million in 2022, a 165.0% increase compared to S\$2.9 million in 2021. This increase was mainly due to the resumption of face-to-face brand activation events and conferences that contributed to the multiple projects our teams delivered.

The attractions industry is starting to see modest recovery as more people travel internationally. Demand for activity and engagement platforms remains strong and we will continue to push branded intellectual property concepts in the overseas markets, and develop and introduce new unique experiences to the market that meet consumers and lifestyle needs.

Looking ahead, we see a more purpose driven and focused market emerging, with opportunities across all sectors of our business, as clients want more unique engagement, and experiential ideas and solutions for their audiences.

Our evolution and push to focus on experiential solutions is thus timely and bodes well for us. We will continue our drive to enhance capabilities in creativity, ideas and experiential solutions, leveraging them as core areas of differentiation to strengthen our position in the market.

While opportunities are present, uncertain global economic conditions remain and we will continue to be prudent in cost management, improving operational delivery and better managing sales and project selection, with the aim of improving profitability.

The year ahead looks promising and I look to continuing the momentum in our drive to establish ourselves as THE creator of experiences!

**ANDREW CHENG**  
Group CEO

## BOARD OF DIRECTORS

### **BENEDICT SOH** *Chairman*

Benedict Soh is dedicated to honing the Group's leadership capabilities and human capital, in addition to his role in charting the Group's strategic direction and exploring new business opportunities. One of two founders of the Group, he has contributed significantly to its growth and has over 40 years of experience in the design & production of interiors, exhibits and marketing communications. Benedict has contributed his services to relevant Government agencies for various initiatives to improve Singapore's international standing in Tourism & Exhibition Services.

A strong proponent of education, Benedict is the Chairman of the MDIS School of Tourism & Hospitality Industrial Advisory Board and a member of its academic board. He is also a member of SHATEC's Academic & Examination Advisory Council. In 2014, US-based Exhibit Designers & Producers Association (EDPA) conferred the prestigious Hazel Hays Award in recognition of Benedict's outstanding contributions to the trade show industry, in addition to the Lifetime Achievement for Outstanding Contribution to Tourism accorded by the Singapore Tourism Board in 2012. Benedict holds a Master of Business Administration from the University of Hull, UK.

### **SIMON ONG** *Deputy Chairman*

Simon Ong oversees the strategic planning and development of the Group as well as its creative and brand standards. He is one of the Group's two founders and has contributed significantly to its growth. He is actively serving the creative industry and is currently an advisor to the Society of Interior Designers Singapore and a member of Singapore Interior Design Accreditation Council. Simon served as Chairman of the design cluster in the Manpower, Skills & Training Council of WDA, President of the Interior Designers Association, an IDP member of the Design Singapore Council, and



**From left to right:** Derek Loh, Alex Wee, Andrew Cheng, Benedict Soh, Simon Ong, Cynthia Tan, Anthony Chong and Sebastian Tan

an advisory board member to the Design Business Chamber of Singapore and Singapore Furniture Industries Council (Design). On the international front, he served as a board member of SHOP!, a leading Association of Retail Environments in USA. In 2019, he was inducted into the Shop! Hall of Fame in recognition of his significant contributions to the industry.

An ardent advocate of education, Simon currently serves as a board director of Nanyang Academy of Fine Arts (NAFA). He served as a member of the Advisory Board to the School of Design & Environment at the National University of Singapore (NUS) and Temasek Polytechnic School of Design, and a member of Design Education Review Committee, Singapore (DERC). He was the former Chairman of the School Advisory Board of Cedar Girls Secondary School, and Vice-Chairman of the Potong Pasir CC Management Committee. He was awarded a Master in Design from the University of New South Wales, Australia, and a Master of Business Administration from the University of South Australia.

**ANDREW CHENG**  
*Group Chief Executive Officer*

Andrew Cheng oversees the Group's day-to-day management, as well as its corporate affairs, business development and strategic planning functions. He has more than 30 years of experience in marketing, sales management, consulting, business development and investor relations. Andrew has a Bachelor of Economics degree from the University of Tasmania, Australia.

**ANTHONY CHONG**  
*Group Managing Director,  
Exhibitions & Thematic*

Anthony Chong drives the strategic management and day-to-day operations of the Group's Theme Parks, Museums, Exhibitions and Events businesses. He has more than 40 years of experience in marketing and the fulfilment of different disciplines that encompass world-class attractions, tradeshows, retail interiors and large-scale sporting &

corporate events. He currently serves as a member of the School Advisory Council in Cedar Girls Secondary School. Anthony holds a Master of Business Administration from Victoria University of Technology, Australia.

**ALEX WEE**  
*Group Managing Director,  
Retail & Corporate Interiors*

Alex Wee has more than 30 years of experience in the fulfilment of retail & corporate interior fit-outs, custom fixture manufacturing, and general contracting. He is responsible for the strategic management and day-to-day operations of the Group's Retail & Corporate Interiors business. Alex has a Bachelor of Construction Management (Honours) from University of Newcastle, Australia, and a Master of Science in Marketing & Consumer Insight from Nanyang Technological University, Singapore.

**SEBASTIAN TAN**  
*Independent Director*

Sebastian Tan was appointed Independent Director of the Company in April 2013. In May 2000, he co-founded Boardroom Limited, a company listed on the Singapore Exchange (SGX-ST) and was delisted in August 2019. He was the Managing/ Finance Director of Boardroom Limited from May 2000 to March 2013. Having retired from Boardroom Limited, he continues to be an Advisor. Prior to May 2000, he was with Ernst & Young Singapore and its affiliates since September 1973.

Sebastian is currently an Independent Non-Executive Chairman of Jumbo Group Limited and Vibrant Group Ltd and an Independent Director of Food Empire Holdings Limited, IPC Corporation Ltd, Ezra Holdings Limited and Wilton Resources Corporation Ltd. He is also a trustee of Kwan Im Thong Hood Cho Temple and a director of D S Lee Foundation and EtonHouse Community Fund Limited. He is a qualified financial professional from the Association of Chartered Certified Accountants (UK). He was awarded the Public Service Medal in 1996.

**CYNTHIA TAN**  
*Independent Director*

Cynthia Tan was appointed Independent Director of the Company in November 2016. Prior to joining the board, she spent 16 years as the Executive Vice President, Head of Group Human Resources for OCBC Bank. In her earlier career, she headed the HR functions in LVMH/Duty-Free Group and Apple Computer Singapore. She was a former lecturer at Ngee Ann Polytechnic's School of Business & Accountancy before joining the private sector.

Cynthia is currently an Independent Director of Valuemax Group Limited. She leads the Asia Pacific CHRO council for The Conference Board. She also serves as a Board member of the YMCA Singapore and the Dyslexia Association of Singapore.

Cynthia is a trained Executive Coach from Columbia University, US and certified Diversity Practitioner from Cornell University, US. She obtained her Doctorate in Business Administration from the Hong Kong Polytechnic University, Master in Gerontology from the University of Southampton, UK, Master of Business Administration from the University of Hull, UK, and Diploma in Personnel Management from the University of Cardiff, UK.

**DEREK LOH**  
*Independent Director*

Derek Loh was appointed Independent Director of the Company in May 2021. He holds a Master of Arts (M.A.), Law (Honours) from the University of Cambridge, UK and practises law in Singapore as an Executive Director of TSMP Law Corporation, specialising in construction and engineering law. He is an Advocate and Solicitor of the Supreme Court.

Derek is currently an Independent Director of Adventus Holdings Limited, Memiontec Holdings Limited and Vibrant Group Limited. He is a member of the Board of Governors of Saint Joseph's International ("SJI") and also a trustee of the SJI Philanthropic Fund for the Lasallian Mission Ltd, a registered charity in Singapore.

# SENIOR MANAGEMENT



**ROY ONG**  
*Creative Director*

**MA MING FAI**  
*Managing Director*

**MILL LUK**  
*Executive Director*



**DANIEL ANG**  
*Managing Director*

**ROGER GUO**  
*Director*

**FRANCIS CHANG**  
*Managing Director*



**KEVIN CHEON**  
*General Director*

**ALIX LIM**  
*Managing Director*

**ROY ONG**

*Creative Director*

Roy Ong is the Creative Director of KR+D, the creative arm of the Group. He is responsible for charting its creative direction and developing its design capabilities, ensuring that all designs meet the aesthetic, functional and budgetary requirements of its clients. Roy is a member of the Interior Design Confederation (Singapore). He received a Master of Design from the University of New South Wales, Australia.

**MA MING FAI**

*Managing Director*

Ma Ming Fai is the Managing Director of Kingsmen Hong Kong Limited. An experienced professional with over 42 years of experience in the industry, he is responsible for charting its direction, business development and finance control, as well as managing its day-to-day operations. He is a member of the Hong Kong Institute of Construction Managers, and holds a Bachelor of Engineering (Hons) in Civil Engineering from the Hong Kong Polytechnic University.

**MILL LUK**

*Executive Director*

Mill Luk is the Executive Director of Kingsmen Hong Kong Limited, and has 30 years of industry experience. Her responsibilities include managing the company's daily operations and steering it by creating business plans and setting up goals to improve its performance. Mill has a Bachelor of Arts (Hons) in Business Studies, Major in Marketing, from the Hong Kong Polytechnic University.

**DANIEL ANG**

*Managing Director*

Daniel Ang is the Managing Director of Kingsmen Shanghai Co., Limited. He is responsible for the day-to-day business management, sales, operations, marketing, finance, human resource of the Shanghai office, as well as the overall strategic development of the different businesses for the China market. He has more than 38 years of experience managing business units in creative design, trade exhibitions, industry conferences, corporate events, retail interiors, corporate showrooms and interactive museums. He holds a Diploma in Marketing from the Institute of Marketing, United Kingdom, and a Diploma in Sales & Marketing from the Marketing Institute of Singapore.

**ROGER GUO**

*Director*

Roger Guo is the Director of Kingsmen Beijing Co., Limited. He has over 29 years of experience in the industry, and oversees the daily management of the Beijing office, as well as the strategic management and operations of the various businesses for the China market. He has a Bachelor of Mechanical Engineering from the University of Science and Technology Beijing, China.

**FRANCIS CHANG**

*Managing Director*

Francis Chang is the Managing Director of PT Kingsmen Indonesia. He oversees the daily operations of our Indonesia office from design and project management to fabrication. Francis has more than 25 years of experience in interiors, exhibitions and events and six years in architectural construction and management.

**KEVIN CHEON**

*General Director*

Kevin Cheon is the General Director of Kingsmen Vietnam Company Limited. He is responsible for the day-to-day operations, sales, marketing and management of our Vietnam offices. With more than 18 years of experience in operations and project management of exhibitions, events and retail interiors, Kevin oversees the strategic development of the business. He holds a Diploma in Management Studies from the Singapore Institute of Management.

**ALIX LIM**

*Managing Director*

Alix Lim is the Managing Director of Kingsmen Malaysia. He has over 28 years of experience in the interiors and exhibitions business and is responsible for the overall management including sales & marketing, operations and finance. He holds a Master of Arts in International Business from the York St John University, United Kingdom.

# SENIOR MANAGEMENT



**DANNY LIM**  
*Managing Director*

**DAVID TAY**  
*Executive Director*



**LUKE NG**  
*Creative Director*

**CRYSTAL CHU**  
*Creative Director*

**SARAH CHEW**  
*Executive Director*



**CHRISTINA TEO**  
*Executive Director*

**EDMUND TAN**  
*Financial Controller*

**DANNY LIM***Managing Director*

Danny Lim is the Managing Director of Kingsmen Ooh-media Pte Ltd, an integrated brand activation agency, and I-Promo Pte Ltd, an end-to-end MICE management company. He is an experienced communications professional with over 30 years of regional experience in the media and marketing communications industry, and is responsible for the overall management and continued advancement of the two offices.

**DAVID TAY***Executive Director*

David Tay is the Executive Director of Kingsmen Ooh-media Pte Ltd, an integrated brand activation agency, and I-Promo Pte Ltd, an end-to-end MICE management company. He has over 25 years of in-depth experience and leadership roles in brand activation, marketing communications and media in the B2B2C environments, and is responsible for the overall management and continued advancement of the two offices.

**LUKE NG***Creative Director*

Luke Ng is the Creative Director of KR+D, the creative arm of the Group. With over 20 years of industry experience, he is responsible for charting its creative direction and developing its design capabilities. Focusing on the Group's design-led vision, he is constantly looking to push the boundaries of experiential retail. Beyond just designing spaces, he is passionate about creating new experiences that make a difference. Luke holds a Diploma in Interior Architecture and Design from Temasek Polytechnic.

**CRYSTAL CHU***Creative Director*

Crystal Chu is the Creative Director of KR+D, the creative arm of the Group, and has 23 years of industry experience under her belt. She is responsible for charting its creative direction, and is involved in its creative conceptualisation, design development and overall management. Crystal is a member of the Design Education Advisory Committee, by DesignSingapore Council, Ministry of Trade & Industry and the Design and Media Academic Advisory Committee at the Institute of Technical Education. Crystal holds a Bachelor of Arts (Hons) in Museum and Exhibition Design from the University of Lincolnshire & Humberside, United Kingdom.

**SARAH CHEW***Executive Director*

Sarah Chew is the Executive Director of Kingsmen Exhibits Pte Ltd. She oversees the sales & marketing, marketing communications, human resource and administration departments. She is a member of the Board of the International Federation of Exhibition and Event Services (IFES), and is also involved in the Task Group on Sustainability in Business Operations under the MICE and Events by Enterprise Singapore. Sarah has more than 29 years of industry experience, and holds a Bachelor of Arts in Mass Communications (Best Distinction) from RMIT University, Australia.

**CHRISTINA TEO***Executive Director*

Christina Teo is the Executive Director of Kingsmen Projects Pte Ltd. An industry veteran with 27 years of experience, her responsibilities include overseeing the general management, daily operations and successful completion of retail and corporate interior fit-out projects. She holds a Master of Business Administration from University of Hull, United Kingdom.

**EDMUND TAN***Financial Controller*

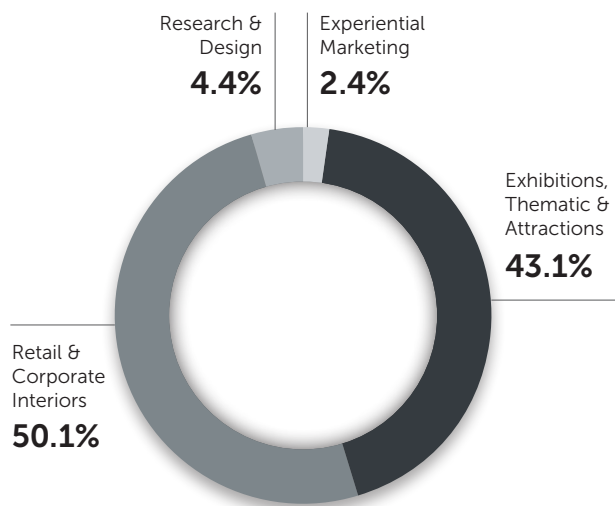
Edmund Tan is our Financial Controller. He is in charge of the Company's financial and accounting functions in Singapore and responsible for overseeing the financial reporting and accounting functions relating to the Group. Edmund has more than 25 years of experience in the areas of accounting, finance and auditing. He holds a Diploma in Business with Merit (majoring in Accounting and Finance) from Temasek Polytechnic. He is a member of The Association of Chartered Certified Accountants and Institute of Singapore Chartered Accountants.

# FINANCIAL HIGHLIGHTS

	FY2018	FY2019	FY2020	FY2021	FY2022
<b>FOR THE YEAR (S\$'000)</b>					
Revenue	360,928	365,922	286,958	273,177	<b>328,358</b>
Gross profit	82,037	77,256	65,971	58,894	<b>70,337</b>
Profit/(loss) before tax	11,100	2,174	(9,194)	1,049	<b>5,718</b>
Profit/(loss) net of tax attributable to equity holders of the Company	8,154	518	(11,117)	1,004	<b>4,637</b>
<b>AT YEAR-END (S\$'000)</b>					
Total assets	293,953	286,358	263,775	250,410	<b>266,939</b>
Total liabilities	172,554	171,581	157,986	141,373	<b>158,191</b>
Shareholders' funds	121,222	115,089	105,017	109,512	<b>109,800</b>
Cash and cash equivalents	77,508	63,587	78,672	80,389	<b>75,139</b>
Borrowings	35,675	33,374	34,820	28,801	<b>25,818</b>
<b>PER SHARE (CENTS)</b>					
Earnings/(loss) – basic and diluted	4.09	0.26	(5.50)	0.50	<b>2.30</b>
Dividends	2.50	1.00	–	–	<b>1.00</b>
Net assets	60.74	56.99	52.00	54.23	<b>54.37</b>
<b>KEY RATIOS (%)</b>					
Revenue growth	17.5	1.4	(21.6)	(4.8)	<b>20.2</b>
Gross profit margin	22.7	21.1	23.0	21.6	<b>21.4</b>
Net profit/(loss) margin	2.3	0.1	(3.9)	0.4	<b>1.4</b>
Return on shareholders' funds	6.7	0.4	(10.1)	0.9	<b>4.2</b>
Debt equity	29.4	29.0	33.2	26.3	<b>23.5</b>

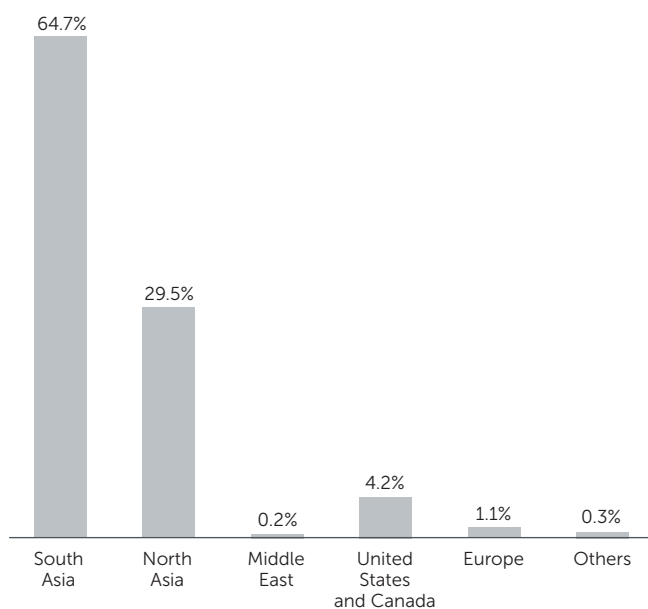


## REVENUE BY ACTIVITIES



ACTIVITIES	Year Ended 31 Dec 22		Year Ended 31 Dec 21	
	S\$'000	%	S\$'000	%
Exhibitions, Thematic & Attractions	141,572	43.1	108,834	39.8
Retail & Corporate Interiors	164,441	50.1	148,429	54.3
Research & Design	14,602	4.4	12,992	4.8
Experiential Marketing	7,743	2.4	2,922	1.1
<b>Total Revenue</b>	<b>328,358</b>	<b>100.0</b>	273,177	100.0

## REVENUE BY GEOGRAPHY



GEOGRAPHY	Year Ended 31 Dec 22		Year Ended 31 Dec 21	
	S\$'000	%	S\$'000	%
South Asia	212,382	64.7	152,183	55.7
North Asia	97,094	29.5	106,309	38.9
Middle East	576	0.2	1,181	0.4
United States and Canada	13,695	4.2	11,536	4.2
Europe	3,691	1.1	917	0.4
Others	920	0.3	1,051	0.4
<b>Total Revenue</b>	<b>328,358</b>	<b>100.0</b>	273,177	100.0

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year Ended 31 Dec 22 S\$'000	Year Ended 31 Dec 21 S\$'000	+ / (-) %
<b>Revenue</b>			
Exhibitions, Thematic & Attractions	141,572	108,834	30.1
Retail & Corporate Interiors	164,441	148,429	10.8
Research & Design	14,602	12,992	12.4
Experiential Marketing	7,743	2,922	165.0
Total revenue	328,358	273,177	20.2
Cost of sales	(258,021)	(214,283)	20.4
<b>Gross profit</b>	70,337	58,894	19.4
<b>Other items of income</b>			
Interest income	464	268	73.1
Other income	6,055	9,005	(32.8)
<b>Other items of expense</b>			
Depreciation of property, plant and equipment	(2,667)	(2,960)	(9.9)
Employee benefits expense	(55,118)	(48,254)	14.2
Other expenses	(13,207)	(13,880)	(4.8)
Interest expense	(1,011)	(892)	13.3
Share of result of joint venture	–	–	–
Share of results of associates	865	(1,132)	n/m
<b>Profit before tax</b>	5,718	1,049	445.1
Income tax expense	(1,647)	(1,191)	38.3
<b>Profit/(loss) net of tax</b>	4,071	(142)	n/m
<b>Profit/(loss) net of tax attributable to:</b>			
Equity holders of the Company	4,637	1,004	361.9
Non-controlling interests	(566)	(1,146)	(50.6)
<b>Profit/(loss) net of tax</b>	4,071	(142)	n/m

Note:  
n/m = not meaningful

## REVIEW OF FINANCIAL PERFORMANCE

### Revenue

For the financial year ended 31 December 2022 ("FY2022"), the Group recorded a revenue of S\$328.4 million, an increase of S\$55.2 million or 20.2% compared to S\$273.2 million for the previous corresponding financial year ended 31 December 2021 ("FY2021").

Although some projects were put on hold, the Group's diversified capabilities and portfolios have enabled it to secure new opportunities that emerged which contributed positively to its revenue.

The Exhibitions, Thematic & Attractions division registered a revenue of S\$141.6 million in FY2022, an increase of S\$32.8 million or 30.1% from S\$108.8 million recorded in FY2021. The increase in revenue was mainly due to the return of physical trade shows, conferences and events as travel restrictions and social distancing requirements due to the COVID-19 pandemic eased.

The Retail & Corporate Interiors division recorded a revenue of S\$164.4 million in FY2022, an increase of S\$16.0 million or 10.8% compared to S\$148.4 million in FY2021. The division saw a pick up in the volume of projects as clients accelerated their business plans to refresh or launch new concepts to engage their audiences in the new environment.

The Research & Design division achieved a revenue of S\$14.6 million in FY2022, an increase of S\$1.6 million or 12.4% from S\$13.0 million in FY2021. The division pushed hard, and through its innovative design solutions offered to clients, managed to capitalise on opportunities in the market and saw numerous projects proceeding or completed as planned.

The Experiential Marketing division registered a revenue of S\$7.7 million in FY2022, an increase of S\$4.8 million or 165.0% compared to S\$2.9 million in FY2021. The increase in revenue was mainly due to the resumption of face-to-face brand activation events and conferences that contributed to the multiple projects the division secured and delivered.

### Gross Profit

Gross profit in FY2022 increased by S\$11.4 million or 19.4% to S\$70.3 million compared to S\$58.9 million recorded in FY2021. The increase was mainly a result of higher revenue registered. Gross profit margin remained stable at 21.4% in FY2022 compared to 21.6% in FY2021.

### Other Items of Income

Interest income increased by S\$196,000 or 73.1% from S\$268,000 in FY2021 to S\$464,000 in FY2022. The increase was mainly due to higher fixed deposit interest rates offered by banks.

Other income decreased by S\$2.9 million or 32.8% from S\$9.0 million recorded in FY2021 to S\$6.1 million in FY2022. The decrease was mainly due to an absence of a gain on disposal of assets classified as held for sale (which was completed during FY2021) and lower grants, subsidies and rebates (arising largely from the Jobs Support Scheme), and partially offset by higher gain on lease modifications (arising largely from a change in the lease terms of premises for an experiential and themed attraction business), rental income, write-back of impairment loss on doubtful trade receivables and write-off of trade and other payables.

### Other Items of Expense

Depreciation of property, plant and equipment was S\$2.7 million in FY2022, a decrease of S\$0.3 million or 9.9% from S\$3.0 million in FY2021. The decrease was mainly due to fully depreciated assets, of which no further depreciation charge was recorded.

Employee benefits expense increased by S\$6.8 million or 14.2% from S\$48.3 million in FY2021 to S\$55.1 million in FY2022. The increase was mainly due to costs resulting from increased headcount, salary adjustments effected in line with market conditions and higher performance linked incentives recorded.

Other expenses stood at S\$13.2 million in FY2022, a decrease of S\$0.7 million or 4.8% compared to S\$13.9 million in FY2021. The decrease was mainly due to cost containment measures implemented and lower impairment loss recognised on doubtful trade receivables, which were partially offset by the recognition of bad non-trade debt written off and impairment loss on investments in associates. The impairment loss on doubtful trade receivables mainly pertains to final account claims and retention sums and the bad non-trade debt written off pertains to a loan made to a joint venture for working capital purpose, and were made in consideration of the difficulty encountered in the recovery of the balances. The impairment loss on investments in associates was recognised after a review of the assets and the assumptions used in the assessment of their carrying values.

# FINANCIAL HIGHLIGHTS

Interest expense increased by S\$0.1 million or 13.3% from S\$0.9 million in FY2021 to S\$1.0 million in FY2022. The increase in interest expense was mainly due to higher interest rates charged on the loans and borrowings, and partially offset by a lower amount of loans and borrowings outstanding.

### Share of Result of Joint Venture

Share of profit of joint venture in FY2022 was not recognised after taking into account the Group's cumulative share of the unrecognised losses as at 31 December 2021.

### Share of Results of Associates

Share of results of associates changed by S\$2.0 million from a loss of S\$1.1 million in FY2021 to a profit of S\$0.9 million in FY2022. The change was mainly due to compensation income received by an associate from the failure of a client to fulfil its contractual obligations.

### Income Tax Expense

Income tax expense increased by S\$0.4 million or 38.3% from S\$1.2 million in FY2021 to S\$1.6 million in FY2022. The increase was mainly due to the provision of income tax by profitable entities of the Group, and partially offset by the recognition of deferred tax assets arising largely from tax losses of entities of the Group.

### Profit Net of Tax Attributable to Equity Holders of the Company

Based on the above, profit net of tax attributable to equity holders of the Company increased by S\$3.6 million or 361.9% from S\$1.0 million in FY2021 to S\$4.6 million in FY2022.

## REVIEW OF FINANCIAL POSITION

### Non-current Assets

Non-current assets amounted to S\$60.7 million as at 31 December 2022, representing a decrease of S\$4.6 million from S\$65.3 million as at 31 December 2021. The decrease was mainly due to lower land use rights, property, plant and equipment, other investments and right-of-use assets of S\$0.4 million, S\$2.7 million, S\$1.4 million and S\$0.3 million respectively, and partially offset by higher deferred tax assets of S\$0.3 million.

The decrease in land use rights was mainly due to the amortisation charge for the year.

The decrease in property, plant and equipment was mainly due to the depreciation charge for the year and impairment loss on experiential and themed attraction asset (after a review of the asset and the assumptions used in the assessment of its carrying value), and partially offset by addition of assets for the year.

The decrease in other investments was mainly due to the disposal of the investment in quoted warrants during the year and the recognition of a decline in the fair value of the investment in quoted equity shares based on quoted market price as at 31 December 2022.

The decrease in right-of-use assets was mainly due to the depreciation charge for the year and impairment loss on the lease of premises for an experiential and themed attraction business (after a review of the asset and the assumptions used in the assessment of its carrying value), and partially offset by addition of assets for the year.

The increase in deferred tax assets was mainly due to the recognition arising largely from tax losses of entities of the Group for the year.

### Current Assets

Current assets amounted to S\$206.3 million as at 31 December 2022, representing an increase of S\$21.2 million from S\$185.1 million as at 31 December 2021. The increase was mainly due to higher contract assets, trade and other receivables and other assets of S\$12.7 million, S\$13.3 million and S\$0.6 million respectively, and partially offset by lower cash and cash equivalents of S\$5.2 million.

The increase in contract assets was mainly due to the longer duration taken to perform and complete the works and the subsequent approval by, and invoicing to, clients due to the pandemic.

Trade and other receivables comprise of trade receivables and other receivables of S\$79.5 million (2021: S\$63.3 million) and S\$8.1 million (2021: S\$11.0 million) respectively. The increase in trade receivables of S\$16.2 million was in line with the level of business activities during the year. The decrease in other receivables of S\$2.9 million was mainly due to lower loans receivable from joint venture and associates and miscellaneous receivables of S\$1.3 million and S\$1.7 million respectively, and partially offset by higher deposits of S\$0.3 million.

The increase in other assets was mainly due to more prepayments made and was in line with the business activities during the year due to the pandemic.

The decrease in cash and cash equivalents was mainly attributable to the cash outflows from investing and financing activities, and partially offset by the cash inflows from operating activities.

**Non-current Liabilities**

Non-current liabilities amounted to S\$19.3 million as at 31 December 2022, representing a decrease of S\$5.5 million from S\$24.8 million as at 31 December 2021. The decrease was mainly due to lower other financial liabilities of S\$5.5 million.

Other financial liabilities comprise of loans and borrowings and lease liabilities of S\$16.4 million (2021: S\$18.7 million) and S\$1.5 million (2021: S\$4.7 million) respectively. The decrease in loans and borrowings of S\$2.3 million and lease liabilities of S\$3.2 million was mainly due to amounts reclassified from non-current to current as they become due and repayable within the next 12 months from 31 December 2022, and additionally for lease liabilities, due to the derecognition resulting from the lease modification arising from a change in the lease terms of premises for an experiential and themed attraction business. The decrease in lease liabilities was partially offset by new lease liabilities taken out.

**Current Liabilities**

Current liabilities amounted to S\$138.9 million as at 31 December 2022, representing an increase of S\$22.4 million from S\$116.5 million as at 31 December 2021. The increase was mainly due to higher trade and other payables of S\$23.3 million, and partially offset by lower other financial liabilities and other liabilities of S\$0.4 million and S\$0.7 million respectively.

Trade and other payables comprise of trade payables and other payables of S\$97.5 million (2021: S\$75.4 million) and S\$17.4 million (2021: S\$16.2 million) respectively. The increase in trade payables of S\$22.1 million was in line with the level of business activities during the year. The increase in other payables of S\$1.2 million was mainly due to higher provision for unutilised leave and accrued

operating expenses of S\$0.2 million and S\$1.2 million respectively, and partially offset by lower miscellaneous payables of S\$0.2 million.

Other financial liabilities comprise of loans and borrowings and lease liabilities of S\$9.4 million (2021: S\$10.1 million) and S\$2.4 million (2021: S\$2.1 million) respectively. The decrease in loans and borrowings of S\$0.7 million and increase in lease liabilities of S\$0.3 million was mainly due to new amounts taken out, repayments of matured amounts and amounts reclassified from non-current to current as they become due and repayable within the next 12 months from 31 December 2022.

Other liabilities comprise of deferred income of S\$3.8 million (2021: S\$4.5 million) and the decrease was due to derecognition of amounts as the projects commenced and works are performed during the year.

**REVIEW OF CASH FLOW POSITION**

Net cash from operating activities of S\$4.3 million in FY2022 arose mainly from profit before tax of S\$5.7 million and adjusted for a net increase in non-cash flow items of S\$5.5 million (largely from bad non-trade debt written off, depreciation of property, plant and equipment, depreciation of right-of-use assets and gain on lease modifications) and cash outflow from a net increase in working capital requirements of S\$4.9 million (largely from movements in contract assets, trade and other receivables and trade and other payables), and partially offset by income taxes paid of S\$1.7 million.

Net cash used in investing activities of S\$1.5 million in FY2022 arose mainly from purchase of property, plant and equipment of S\$1.8 million, and partially offset by proceeds from disposal of other investment of S\$0.3 million.

Net cash used in financing activities of S\$6.3 million in FY2022 arose mainly from net repayment of loans and borrowings of S\$2.8 million and repayment of lease liabilities of S\$3.5 million.

Based on the above, the Group had a net decrease in cash and cash equivalents of S\$3.5 million in FY2022 and the cash and cash equivalents stood at S\$75.1 million as at 31 December 2022.

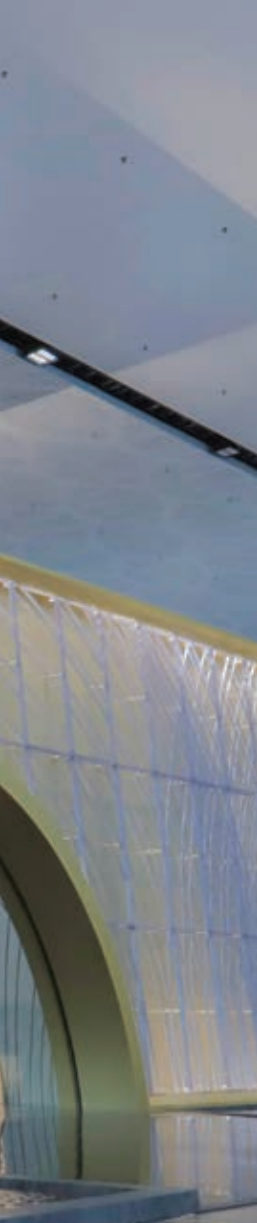
ESTÉE  
LAUDER  
COMPANIES  
雅诗兰黛集团

Estee Lauder at China International Consumer Products Expo 2022, China

# EXHIBITIONS, THEMATIC & ATTRACTIONS



Lexin China Energy Storage Building Showroom, China



Huawei at Asia Tech x Singapore, Singapore



Children's Museum Singapore

# RETAIL & CORPORATE INTERIORS



Cosentino Gallery Showroom, Singapore



Berluti, Vietnam





& Other Stories, Singapore (Image courtesy of & Other Stories)



Wakuda, Singapore



Neobio Museum, China



Fort Canning Heritage Gallery, Singapore

# RESEARCH & DESIGN



China Literature Exhibition Hall, China



The Explorers Kids' Zone, The Fullerton Ocean Park Hotel, Hong Kong



BMW i Pavilion, Singapore

# EXPERIENTIAL MARKETING



Burberry TB Summer Monogram, Singapore



Dior Spring Summer 2022 Showcase, Vietnam



Ulysses Nardin Freak World Tour, Singapore

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Benedict Soh Siak Poh  
*Executive Chairman*

Simon Ong Chin Sim  
*Deputy Executive Chairman*

Andrew Cheng Oon Teck  
*Group Chief Executive Officer and Executive Director*

Anthony Chong Siew Ling  
*Group Managing Director, Exhibitions & Thematic  
and Executive Director*

Alex Wee Huat Seng  
*Group Managing Director, Retail & Corporate Interiors  
and Executive Director*

Sebastian Tan Cher Liang  
*Independent Director*

Cynthia Tan Guan Hiang  
*Independent Director*

Derek Loh Eu Tse  
*Independent Director*

## AUDIT COMMITTEE

Sebastian Tan Cher Liang  
*Chairman*

Cynthia Tan Guan Hiang

Derek Loh Eu Tse

## NOMINATING COMMITTEE

Derek Loh Eu Tse  
*Chairman*

Sebastian Tan Cher Liang

Cynthia Tan Guan Hiang

Benedict Soh Siak Poh

Simon Ong Chin Sim

## REMUNERATION COMMITTEE

Cynthia Tan Guan Hiang  
*Chairwoman*

Sebastian Tan Cher Liang

Derek Loh Eu Tse

## REGISTERED OFFICE

22 Changi Business Park Central 2  
The Kingsmen Experience  
Singapore 486032  
Telephone: (65) 6880 0088  
Website: [www.kingsmen-int.com](http://www.kingsmen-int.com)

## COMPANY REGISTRATION NUMBER

200210790Z

## JOINT COMPANY SECRETARIES

Chee Yuen Li, Andrea

Tan Yong Kwang

## SHARE REGISTRAR

**Boardroom Corporate & Advisory Services Pte Ltd**  
1 Harbourfront Avenue #14-03/07  
Keppel Bay Tower  
Singapore 098632

## AUDITORS

**RSM Chio Lim LLP**  
8 Wilkie Road #03-08  
Wilkie Edge  
Singapore 228095

Partner-in-charge: Lock Chee Wee  
Appointed since financial year ended 31 December 2019

## PRINCIPAL BANKERS

DBS Bank Ltd  
The Hongkong and Shanghai Banking Corporation Limited  
United Overseas Bank Limited

# CORPORATE GOVERNANCE REPORT

Kingsmen Creatives Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") are committed to achieving a high standard of corporate governance, and to complying with the Code of Corporate Governance 2018 (the "**Code**"). The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which will safeguard the interests of shareholders. This report describes the Group's main corporate governance practices with specific references to the principles of the Code.

The Company is pleased to confirm that throughout the financial year ended 31 December 2022 ("**FY2022**"), the Group has complied substantially with the principles and provisions of the Code. Where there are deviations from the recommendations of the Code, we have provided the reasons and explanations in relation to the Group's practices, where appropriate.

## 1. BOARD MATTERS

### The Board's Conduct of Affairs

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

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

The principal roles of the Board are to:

- set and direct the long-term vision and strategic direction of the Group, which include appropriate focus on value creation, innovation and sustainability;
- constructively challenge management and review the performance of management;
- establish a proper risk management system to ensure that key potential risks faced by the Group are properly identified and managed;
- conduct periodic reviews of the Group's internal controls, financial performance, compliance practices and resource allocation;
- approve annual budgets and proposals for acquisitions, disposals, investments and divestments;
- ensure the Group's compliance with good corporate governance practices; and
- set the Group's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met.

### Delegation by the Board

Board committees, namely the Nominating Committee (the "**NC**"), Remuneration Committee (the "**RC**") and Audit Committee (the "**AC**"), have been constituted to assist the Board in the discharge of specific responsibilities. The compositions, duties, authorities and accountabilities of each committee are set out in their respective written terms of reference. Further information on the roles and responsibilities of the NC, RC and AC are described separately under the various sections relating to each committee below.

# CORPORATE GOVERNANCE REPORT

## Board Approval

Matters which specifically require the Board's approval are:

- corporate strategy and significant business plans;
- material acquisition, disposal, investment and divestment proposals;
- major funding decisions including the Group's commitment in terms of capital and other resources;
- the appointment and remuneration packages of the directors and key management;
- the Group's interim and full-year financial statements announcements and annual report for each financial year;
- share issuances, interim dividends and other returns to shareholders; and
- matters involving a conflict of interest for a substantial shareholder or a director.

While matters relating to the Group's strategies and policies require the Board's direction and approval, management is responsible for the day-to-day operations and administration of the Group.

## Board and Board Committees Meetings

The schedule of all Board and Board committees meetings and the Annual General Meeting ("AGM") for each financial year is planned well in advance, in consultation with the directors. The Board meets at least four (4) times a year at regular intervals and on an ad-hoc basis, as and when circumstances require. Tele-conferencing at Board meetings is allowed under the Company's Constitution.

The number of Board and Board committees meetings held in FY2022 and the attendance of our directors at these meetings are as follows:

Name of Director	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Soh Siak Poh Benedict	4	4	4	4 *	1	1	1	1 *
Simon Ong Chin Sim	4	4	4	4 *	1	1	1	1 *
Cheng Oon Teck	4	4	4	4 *	1	1 *	1	1 *
Chong Siew Ling	4	4	4	4 *	1	1 *	1	1 *
Wee Huat Seng	4	4	4	4 *	1	1 *	1	1 *
Tan Cher Liang	4	4	4	4	1	1	1	1
Tan Guan Hiang	4	4	4	4	1	1	1	1
Loh Eu Tse Derek	4	4	4	4	1	1	1	1

\* Attendance by invitation



# CORPORATE GOVERNANCE REPORT

## Board Orientation and Training

A formal letter of appointment is provided to every new director, setting out his/her duties and obligations. A new director will also receive an orientation package which includes materials to familiarise new directors with the Group's business, operations, structure and governance practices relating to, *inter alia*, disclosure of interests in the Company's securities, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. For new directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties.

All directors are also provided with briefings, trainings and updates in areas such as corporate governance, sustainability, changes to laws and regulations pertaining to the Group's business and operations, and changes in financial reporting standards, so as to enable them to properly discharge their duties as Board or Board committee members.

Further, in order to provide the independent directors with a better understanding of the Group's business and operations, the Company conducts visits to the Group's operational facilities. Directors can also request further briefings or information on any aspect of the Group's business or operations from management.

## Access to Information

The Company makes available to all directors its management accounts and other financial statements, budgets and forecasts, together with all other relevant information. The directors can seek detailed information from management regarding the management accounts and other financial statements, budgets and forecasts, where necessary. In addition, management will inform and/or update the directors of any significant issues and/or matters on a timely basis. Detailed board papers are provided to the directors before the scheduled meetings so as to enable them to make informed decisions. In respect of forecasts, any material variance between the projections and the actual results is reviewed by the directors and disclosed and explained by management, where required by the directors.

At each Board meeting, management briefs the directors on the state of the Group's business, operations, finances and risks. The directors are also briefed on key developments in the Group's industry both locally and overseas, where appropriate.

The directors have also been provided with the contact details of the Company's management and company secretaries to facilitate separate and independent access. At least one (1) company secretary is in attendance at all Board and Board committees meetings. Together with management, the company secretaries are responsible for ensuring that appropriate board procedures are followed and that the requirements of the Companies Act 1967 (Singapore) and the provisions in the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual") are complied with. The appointment and removal of each company secretary is subject to the Board's approval.

The directors may, in furtherance of their duties, take independent professional advice, if necessary, at the Company's expense.

# CORPORATE GOVERNANCE REPORT

## 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.**

### Board Composition

Currently, the Board comprises eight (8) directors, three (3) of whom are independent. The Board is constituted as follows:

Mr Soh Siak Poh Benedict	(Executive Chairman)
Mr Simon Ong Chin Sim	(Deputy Executive Chairman)
Mr Cheng Oon Teck	(Group Chief Executive Officer and Executive Director)
Mr Chong Siew Ling	(Group Managing Director, Exhibitions & Thematic and Executive Director)
Mr Wee Huat Seng	(Group Managing Director, Retail & Corporate Interiors and Executive Director)
Mr Tan Cher Liang	(Independent Director)
Ms Tan Guan Hiang	(Independent Director)
Mr Loh Eu Tse Derek	(Independent Director)

Each year, the Board reviews its composition and size, taking into account, *inter alia*, the scope and nature of the Group's business and operations and the benefits of all aspects of diversity, including but not limited to gender, age, cultural and educational background and professional experience in order to maintain an appropriate balance and mix of skills, independence, experience and background of the Board.

The Board regards diversity as an important element to ensure that the Group has the requisite range of perspectives, insights and experience from its leaders for effective management of the Group's business. To this end, the Board has established a written board diversity policy to ensure that it incorporates an appropriate level of diversity of thought, including diversity in skills, experience, and gender. In particular, the Board is committed to pursuing gender diversity in relation to the composition of the Board. In this connection, the NC will ensure that female candidates are included for consideration whenever it seeks to identify a new director to the Board. Having said that, gender is but one aspect of diversity, and a new director will continue to be selected on the basis of his/her skills, experience, knowledge, insight and relevance to the Board. At present, the Board has one (1) female independent director, namely Ms Tan Guan Hiang.

### Board Independence

The Executive Chairman is part of the management team and the three (3) independent directors do not make up a majority of the Board. Accordingly, the Company does not comply with Provision 2.2 of the Code, which requires independent directors to make up a majority of the Board where the Chairman of the Board is not independent, and Provision 2.3 of the Code, which requires non-executive directors to make up a majority of the Board. The Board is of the opinion that based on the Group's current size and operations, it is not necessary to have independent directors make up a majority of the Board at present. The Board, with the three (3) independent directors making up at least one-third of the Board, has an independent element that sufficiently enables it to exercise objective judgement and no individual or group of individuals can dominate the Board's decision-making process.

The independence of each director is reviewed by the NC on an annual basis. In determining whether a director is independent, the NC has adopted the definitions in the Code and the Listing Manual of what constitutes an independent director. Following their rigorous annual review, the NC and the Board are of the view that Mr Tan Cher Liang, Ms Tan Guan Hiang and Mr Loh Eu Tse Derek are independent.

# CORPORATE GOVERNANCE REPORT

Amongst the three (3) independent directors, Mr Tan Cher Liang has served as the independent director of the Company for more than nine (9) years from his date of first appointment to the Board on 30 April 2013. Mr Tan Cher Liang's continued appointment as an independent director was sought and approved, pursuant to Rule 210(5)(d)(iii) of the Listing Manual which took effect on 1 January 2022, in separate resolutions approved by the majority of (i) all shareholders and (ii) all shareholders, excluding shareholders who also serve as directors or the Group Chief Executive Officer (and their associates), at the AGM held on 28 April 2022. On 11 January 2023, Rule 210(5)(d)(iii) of the Listing Manual was deleted, and Rule 210(5)(d)(iv) of the Listing Manual was introduced to prescribe a nine-year tenure limit for independent directors. Rule 210(5)(d)(iv) of the Listing Manual states, *inter alia*, that a director will not be independent if he/she has been a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing). Pursuant to the SGX-ST's Transitional Practice Note 4 dated 11 January 2023, Rule 210(5)(d)(iv) of the Listing Manual takes effect for an issuer's annual general meeting for the financial year ending on or after 31 December 2023. Independent directors who have served for more than nine (9) years, such as Mr Tan Cher Liang in relation to the Company, may continue to be considered independent until the conclusion of the issuer's annual general meeting for the financial year ending on or after 31 December 2023 so long as they meet the requirements in Rules 210(5)(d)(i) and 210(5)(d)(ii) of the Listing Manual.

The independent directors contribute accounting and finance knowledge, legal and human resource expertise and business and management experience to the Group, and provide the executive directors and management with diverse and objective perspectives of issues that are brought before the Board. The independent directors also aid in developing the Group's strategic process, reviewing the performance of management in meeting agreed goals and objectives, monitoring the reporting of performance and operating as an appropriate check and balance. The independent directors meet regularly on their own without the presence of the executive directors and management and they will provide feedback to the Executive Chairman and/or the Deputy Executive Chairman after such meetings.

Overall, the Board is of the view that the Board's current composition and size on a holistic basis provide an appropriate balance and mix of skills, independence, experience and knowledge of the Board, and other aspects of diversity such as gender and age, which avoid groupthink, foster constructive debate and facilitate effective decision-making in the best interests of the Group, and which are consistent with the board diversity policy and the intent of the Code. The directors provide core competencies such as accounting, finance, legal and human resource expertise, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The NC will assess on a regular basis the diversity of the Board in accordance with the objectives set out in the board diversity policy, and ensure that the diversity would be relevant to the business of the Group. The Board is also constantly on the lookout for suitable candidates to join the Board as independent directors as part of its renewal process.

## Chairman and Chief Executive Officer

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

Mr Soh Siak Poh Benedict is the Executive Chairman, Mr Simon Ong Chin Sim is the Deputy Executive Chairman, and Mr Cheng Oon Teck is the Group Chief Executive Officer of the Group. This ensures that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. Mr Soh Siak Poh Benedict, Mr Simon Ong Chin Sim and Mr Cheng Oon Teck are not related to each other.

At the operational level, the Group Chief Executive Officer is responsible for the overall management and development of the Group's local and overseas operations, as well as executing the strategic plans set out by the Board. The Deputy Executive Chairman is responsible for spearheading the strategic planning and development of the Group. He is also responsible for the overall strategy and policies of the Group's creative directions and standards. The Executive Chairman oversees the Group's strategic development and sets the overall strategy and policies. He is also responsible for exploring strategic business opportunities.

# CORPORATE GOVERNANCE REPORT

The Executive Chairman and the Deputy Executive Chairman promote high standards of corporate governance and lead the Board to ensure its effectiveness on all aspects of its role. As part of their administrative duties, the Executive Chairman and the Deputy Executive Chairman set the Board meeting agenda in consultation with the senior management and company secretaries of the Company, and ensure that adequate time is available for the discussion of all agenda items and that the directors receive complete, adequate and timely information. They also encourage constructive relations within the Board and between the Board and management and facilitate effective contribution of the independent directors. In addition, the Executive Chairman and the Deputy Executive Chairman are responsible for ensuring effective communication with shareholders.

Although the Executive Chairman and the Deputy Executive Chairman are part of the management team, the roles of the Executive Chairman, the Deputy Executive Chairman and the Group Chief Executive Officer are separated and each of the Board committees is chaired by an independent director. Accordingly, the Board is of the view that such separation of roles provides an appropriate balance of power and accountability that enhances the Board's capacity for independent decision-making, and sufficient channels of communication between the shareholders and the Board, and at present, it would not be necessary to appoint a lead independent director.

## Board Membership

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

### Nominating Committee

The NC is chaired by Mr Loh Eu Tse Derek and comprises Mr Tan Cher Liang, Ms Tan Guan Hiang, Mr Soh Siak Poh Benedict and Mr Simon Ong Chin Sim. The majority of the NC members, including the Chairman, are independent directors.

The NC holds at least one (1) meeting in each financial year. The principal functions of the NC in accordance with its written terms of reference are as follows:

- to make recommendations on matters relating to the appointment and re-election of directors, succession plans for directors and key management, in particular, the Executive Chairman, the Deputy Executive Chairman and the Group Chief Executive Officer, evaluation of the performance of the Board, the Board committees and directors, and training programmes for the Board;
- to determine on an annual basis, and as and when circumstances require, whether or not a director is independent;
- to decide whether a director is able to and has been adequately carrying out his/her duties as a director of the Company;
- to ensure that all directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years; and
- to assess the effectiveness of the Board as a whole, its Board committees, and the contribution by each director to the effectiveness of the Board.

The date of first appointment and last re-election of each director is set out below. For the profile of the directors, please refer to the section entitled "Board of Directors" of this Annual Report. In addition, information on each director's shareholding in the Company, if any, is set out in the section entitled "Directors' Statement" of this Annual Report.

<b>Name of Director</b>	<b>Date of First Appointment</b>	<b>Date of Last Re-election</b>
Soh Siak Poh Benedict	16 December 2002	28 April 2022
Simon Ong Chin Sim	16 December 2002	29 April 2021
Cheng Oon Teck	1 July 2016	14 May 2020
Chong Siew Ling	12 August 2003	28 April 2022
Wee Huat Seng	1 July 2016	14 May 2020
Tan Cher Liang	30 April 2013	29 April 2021
Tan Guan Hiang	15 November 2016	14 May 2020
Loh Eu Tse Derek	12 May 2021	28 April 2022

# CORPORATE GOVERNANCE REPORT

## Directors' Commitments

The NC considers whether a director is able to and has been adequately carrying out his/her duties as a director of the Company, taking into consideration, *inter alia*, the director's number of listed company board representations and other principal commitments<sup>1</sup> as set out in the section entitled "Board of Directors" of this Annual Report. In addition, the NC will take into consideration, *inter alia*, a qualitative assessment of each director's contributions as well as any other relevant time commitments. The Board is of the view that at present, it would not be meaningful to prescribe a maximum number of listed company board representations and other principal commitments which any director may hold. Each director has confirmed that notwithstanding other listed company board representations and other principal commitments (if any), he/she is able to devote sufficient time and attention to the affairs of the Group.

## Alternate Directors

There is currently no alternate directors on the Board.

## Process for Nomination and Selection of New Directors

The Company adopts a comprehensive and detailed process in the selection of new directors. Candidates are first sourced through an extensive network of contacts and identified based on, *inter alia*, the needs of the Group and the relevant expertise required. When necessary, the NC may seek the help of external consultant(s) in the search process. In selecting suitable candidates to be interviewed, the NC, in consultation with the Board, would also consider the Group's strategic goals, business direction and medium-term needs. The NC then conducts interviews with the candidates, and nominates the candidate deemed most suitable for appointment to the Board and, where required, to the Board committees.

## Process for Re-nomination and Re-election of Directors

In recommending a director for re-election to the Board, the NC considers, *inter alia*, his/her performance and contributions to the Board (including attendance and participation in meetings, and time and effort accorded to the Group's business and affairs). All directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years. Pursuant to Regulation 89 of the Company's Constitution, one-third of the Board are to retire from office by rotation and be subject to re-election at the AGM. In addition, Regulation 88 of the Company's Constitution provides that a newly appointed director must retire and submit himself/herself for re-election at the next AGM following his/her appointment. Thereafter, he/she is subject to be re-elected at least once every three (3) years.

## **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.**

## Board Evaluation Process

The NC will assess and discuss the performance of the Board as a whole and its Board committees on an annual basis. This process includes a questionnaire completed individually by each director, the results of which are presented to the NC for review. Following its review, the NC identifies key areas for improvement and requisite follow-up actions, and provides feedback to the Board. The Board acts on the feedback and in consultation with the NC, proposes, where appropriate, new directors to be appointed or seeks the resignation of directors.

Each director will evaluate the performance of the Board taking into account a set of performance criteria which includes, *inter alia*, the Board's composition and size, processes, communication, effectiveness and standards of conduct, and financial performance indicators. The Board is of the view that this set of performance criteria recommended by the NC allows for appropriate evaluation and addresses how the directors have enhanced long-term shareholders' value. The Board has met its performance objectives in respect of FY2022.

<sup>1</sup> The term "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

# CORPORATE GOVERNANCE REPORT

## Individual Director Evaluation

The NC will assess and discuss each director's contribution to the effectiveness of the Board on an annual basis. This process includes a separate questionnaire completed individually by each director, the results of which are presented to the NC for review. In evaluating the contribution by each director, numerous factors are taken into consideration, including attendance records, contributions during Board and Board committees meetings, as well as individual performance of principal functions and fiduciary duties. The NC also considers other contributions by a director such as providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to management outside of formal Board and/or Board committees meetings. The performance of each director is taken into account in re-election. Each NC member does not participate in discussions, and abstains from the decision-making process, relating to him/her during the evaluation process.

There was no external facilitator engaged for the Board and individual director evaluation process in FY2022.

## 2. 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/her own remuneration.**

### 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.**

### 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.**

## Remuneration Committee

The RC is chaired by Ms Tan Guan Hiang and comprises Mr Tan Cher Liang and Mr Loh Eu Tse Derek. All the RC members, including the Chairwoman, are independent directors. The RC holds at least one (1) meeting in each financial year. The principal function of the RC, in accordance with its written terms of reference, is to set the remuneration guidelines and policies of the Group. The RC also administers the Kingsmen Performance Share Scheme (the "**Scheme**"). Details of the Scheme are contained in the section entitled "Directors' Statement" of this Annual Report.

The Board considers that the members of the RC, who each have years of experience in senior management positions and/or on the boards of various listed companies, collectively have strong management experience and expertise on remuneration issues. If necessary, the RC members may seek professional advice inside and/or outside the Company on the remuneration of all directors and key management. During FY2022, the RC members did not require the service of an external remuneration consultant.

# CORPORATE GOVERNANCE REPORT

## Procedures for Setting Remuneration

The Company has implemented a formal and transparent procedure for developing policy on director and executive remuneration and for awarding the remuneration packages of individual directors and key management that are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account the strategic objectives of the Group. The RC reviews and recommends to the Board a general framework of remuneration and specific remuneration packages for the Board and key management, covering all aspects of remuneration including directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board. Each RC member does not participate in discussions, and abstains from decision-making, relating to any remuneration, compensation or any form of benefits to be granted to him/her.

The RC also reviews the Company's compensation obligations, if any, arising in the event of termination of the executive directors' and key management's contracts of service, to ensure that the termination clauses of such contracts of service are fair and reasonable.

## Remuneration Policies

In order to maximise shareholders' value and promote the long-term growth of the Group, the Company seeks to attract, retain and motivate management and employees by offering competitive remuneration packages. The remuneration of our management and employees is set based on, *inter alia*, the relevant scope and extent of responsibilities, prevailing market conditions, comparable industry benchmarks, risk policies of the Group, need for compensation to be symmetric with risk outcomes and time horizon of risks. The Company rewards management and employees based on achievement of individual performance objectives using indicators such as competencies, key result areas, performance ratings and potential of the individual and the Group's financial performance. The Board is of the view that this will motivate our management and employees to achieve superior performance and promote the long-term growth of the Group. The Company does not use contractual provisions to allow it to reclaim incentive components of remuneration from the executive directors and key management in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The executive directors and key management owe fiduciary duties to the Company and the Company should be able to avail itself to remedies against the executive directors and key management in the event of a breach of those fiduciary duties.

## Executive Directors' and Key Management's Remuneration

Each of our executive directors and key management is entitled to, *inter alia*, a base salary and performance-related incentives linked to the individual's performance, which is assessed based on their respective performance indicators such as competencies, key result areas, performance ratings and potential of the individual and the Group's financial performance. The terms of our executive directors' and key management's service agreements and their remuneration packages are subject to review by the RC. There are no excessive or onerous removal clauses in these service agreements.

## Independent Directors' Remuneration

The independent directors have not entered into service agreements with the Company. The RC and the Board are of the view that independent directors should not be over-compensated to the extent that their independence may be compromised. Each independent director receives a basic fee and additional fees for serving on any of the Board committees, which is determined taking into account the effort, time spent and responsibilities of the director. Such fees are subject to approval of the shareholders at each AGM of the Company.

# CORPORATE GOVERNANCE REPORT

## Level and Mix of Remuneration

The remuneration of the Company's directors and the Group's key executives for FY2022 is set out below. Overall, the Company's executive directors and the Group's key executives have met the key performance objectives required of them. No termination, retirement or post-employment benefits have been granted to the Company's directors and the Group's key executives.

### (a) Directors

Name of Director	Fees	Salary	Bonus/ Incentives	Benefits	Share Award	Total Remuneration	Total Remuneration
	%	%	%	%	%	%	S\$'000
<b>Executive Directors</b>							
Soh Siak Poh Benedict	21	51	24	4	–	100	477
Simon Ong Chin Sim	20	52	24	4	–	100	473
Cheng Oon Teck	10	63	25	2	–	100	514
Chong Siew Ling	4	38	56	2	–	100	801
Wee Huat Seng	5	84	8	3	–	100	371
<b>Independent Directors</b>							
Tan Cher Liang	100	–	–	–	–	100	50
Tan Guan Hiang	100	–	–	–	–	100	43
Loh Eu Tse Derek	100	–	–	–	–	100	43

### (b) Key Executives

#### Remuneration of the top five (5) key executives in bands of S\$250,000 (who are not directors or the chief executive officer of the Company)

Name of Key Executive	Fees	Salary	Bonus/ Incentives	Benefits	Share Award	Total Remuneration	Total Remuneration
	%	%	%	%	%	%	%
<b>S\$250,000 to S\$499,999</b>							
Daniel Ang Sin Eng	3	75	8	14	–	100	100
Ma Ming Fai	2	63	30	5	–	100	100
Kevin Cheon Kwan Hoe	5	68	20	7	–	100	100
Sarah Chew Sau Har	–	51	46	3	–	100	100
Crystal Chu Shwu Pyng	–	64	33	3	–	100	100

The aggregate amount of the total remuneration paid to the Group's top five (5) key executives (who are not directors or the chief executive officer of the Company) is S\$2,068,000.

Mr Roy Ong Chin Kwan is the brother and thus an immediate family member of Mr Simon Ong Chin Sim, our Deputy Executive Chairman and a substantial shareholder of the Company. Mr Roy Ong Chin Kwan's remuneration for FY2022 falls in the band of S\$300,000 to S\$400,000. Save as disclosed above, there are no employees who are substantial shareholders of the Company, or are immediate family members of a director, the chief executive officer or a substantial shareholder of the Company, whose annual remuneration exceeds S\$100,000.



# CORPORATE GOVERNANCE REPORT

## Employee Share Scheme

There were no shares awarded and issued pursuant to the Scheme in FY2022. Since the commencement of the Scheme, an aggregate of 9,853,980 fully-paid shares, constituting approximately 4.9% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings), have been awarded and issued.

Further details of the Scheme are set out in the section entitled "Directors' Statement" of this Annual Report.

### 3. 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 AC and management are responsible for overseeing the Group's risk management framework and policies, including reviewing the Group's business and operational activities to identify areas of significant business risks, and recommending to the Board the appropriate strategy and resources required for managing risks that are consistent with the Group's risk appetite.

Material transactions are subject to risk analysis by the AC and management, and safeguard measures against significant risks are established prior to undertaking new projects. The AC, together with management, will continue to enhance and improve the existing risk management and internal control systems.

The internal and external auditors also assist in the risk management process by identifying certain areas of concern that are uncovered through financial/audit checks. The key risks facing the Group have been identified and appropriate measures are in place to mitigate such risks.

The AC has reviewed and is satisfied with the assurance received by the Board from the executive directors (including the Group Chief Executive Officer who is an executive director) and the Financial Controller that 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 regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the internal controls (including financial, operational, compliance and information technology controls) established and maintained by the Group, work performed by the internal and external auditors, a board risk and assurance framework developed with the assistance of an external consultant, information provided to the AC and the Board and reviews performed by the AC and the Board at least annually, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems, are adequate and effective as at the date of this Annual Report.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

In accordance with Rule 705(5) of the Listing Manual, the Board provides a negative assurance confirmation to shareholders in its interim financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Group had, pursuant to Rule 720(1) of the Listing Manual, received undertakings from all its directors and executive officers that they each shall, in the exercise of their powers and duties as directors and executive officers, comply to the best of their abilities with the provisions of legislative and regulatory requirements and will also procure the Group to do so.

# CORPORATE GOVERNANCE REPORT

## Audit Committee

### Principle 10: The board has an audit committee which discharges its duties objectively.

#### Audit Committee

The AC is chaired by Mr Tan Cher Liang and comprises Ms Tan Guan Hiang and Mr Loh Eu Tse Derek. All the AC members, including the Chairman, are independent directors. No former partner or director of the Company's existing auditing firm is a member of the AC. The Board considers that Mr Tan Cher Liang, who has extensive and practical accounting and financial management knowledge and experience, is well qualified to chair the AC. The members of the AC have recent and relevant knowledge and experience in accounting and/or related financial management and are appropriately qualified to discharge the AC's responsibilities.

The AC holds at least four (4) meetings in each financial year. The principal functions of the AC in accordance with its written terms of reference are as follows:

- reviewing the Group's financial statements, and significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the Board;
- reviewing the audit plans and reports of the internal and external auditors and to consider the effectiveness of the actions taken by management on the auditors' recommendations;
- ensuring that management provides assistance and co-operation to the internal and external auditors;
- evaluating the adequacy and effectiveness of the Group's internal controls and risk management systems by, *inter alia*, reviewing the reports of the internal and external auditors, and management's responses and actions to correct any deficiencies and reporting the same to the Board at least annually;
- reviewing the independence, adequacy and effectiveness of the Group's internal audit function;
- reviewing the assurance from the executive directors (including the Group Chief Executive Officer who is an executive director) and the Financial Controller on the financial records and financial statements;
- making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors;
- making recommendations to the Board on the remuneration and terms of engagement of the external auditors;
- reviewing the independence and objectivity of the external auditors at least annually; and
- reviewing interested person transactions (as defined in the Listing Manual).

In addition, the AC is tasked to commission independent investigations of any suspected fraud or irregularity, which has or is likely to have a material impact on the Group's operating results or financial position, and to review the findings of such investigations. The AC has reasonable resources to enable it to discharge its responsibilities properly. It has full access to, and the co-operation of, management and full discretion to invite any director or key executive to attend its meetings.

The AC also meets with the internal and external auditors without management, at least annually and whenever necessary to review the adequacy and effectiveness of audit arrangements, with emphasis on the scope and quality of audit and the independence and objectivity of the auditors, and the results of the audit functions.

The external auditors provide regular updates and briefings to the AC on changes to accounting standards and other financial issues to enable the AC to keep abreast of such changes and their corresponding impact on the financial statements.

# CORPORATE GOVERNANCE REPORT

## Internal Audit

The Board recognises that it is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's business and assets. The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The Company has engaged CLA Global TS Risk Advisory Pte. Ltd. ("**CLA Global TS**") (formerly known as Nexia TS Risk Advisory Pte. Ltd.) as its internal auditors. CLA Global TS is a certified public accounting firm and a member of the Institute of Internal Auditors Singapore ("**IIA**"). In performing the internal audit, CLA Global TS applies the Standards for the Professional Practice of Internal Auditing set by IIA. CLA Global TS reports primarily to the Chairman of the AC and has full access to the documents, records, properties and personnel (including the AC) of the Group. The audit plan is submitted to the AC for approval prior to commencement of the internal audit.

The AC reviews the independence, adequacy and effectiveness of the internal audit function at least annually and is satisfied that (i) the internal audit function is independent, effective and adequately resourced, and has appropriate standing within the Group; and (ii) the recommendations of the internal auditors are properly implemented.

## External Auditors

In the review of the financial statements for FY2022, the AC has discussed with management and the external auditors, RSM Chio Lim LLP ("**RSM Chio Lim**"), on significant matters and assumptions that impact the financial statements. Following the review and discussion, the AC is satisfied that those significant matters impacting the financial statements, including the key audit matters that have been included in the Independent Auditor's Report dated 24 March 2023 to the shareholders of the Company, have been properly dealt with and recommended the Board to approve the financial statements. The Board has, on 24 March 2023, approved the financial statements.

The AC reviews the independence of RSM Chio Lim annually. No non-audit services were rendered by RSM Chio Lim during FY2022. The audit fees paid/payable to RSM Chio Lim for FY2022 amount to S\$227,000. The partner in charge of auditing the Group, Mr Lock Chee Wee, was appointed from FY2019. The AC is satisfied with the independence and objectivity of RSM Chio Lim.

The Company has complied with Rules 712 and 715 of the Listing Manual in the appointment of its external auditors.

## Whistleblowing Policy

The Company has implemented a whistleblowing policy, which provides the Group's employees and external stakeholders with well-defined procedures and accessible channels through which they may, in confidence, raise concerns about possible issues in matters of financial reporting or other matters. Whistleblowing concerns may be reported using a prescribed form, in person or via letter or electronic mail. The AC reviews such policy to ensure that arrangements are in place for the safe raising and independent investigation of such matters and for appropriate follow-up action. The Chairman of the AC is responsible for handling the investigation of all whistleblowing concerns and ensuring that the issues raised are properly resolved. In the event a whistleblowing concern involves the Chairman of the AC, such concern shall be directed to the Executive Chairman, Deputy Executive Chairman and Group Chief Executive Officer to ensure investigations remain independent and objective. The AC is responsible for the overall oversight and monitoring of all whistleblowing concerns.

The Company will protect the identity and interest of all whistleblowers, and treat all information received with strict confidentiality, except as necessary to conduct the investigation and/or where the Company is under a legal obligation to disclose such information. Anonymous reports will also be accepted. The Company is committed to promoting responsible good faith whistleblowing without fear of reprisal or victimisation (which includes but is not limited to demotion, discrimination, dismissal and other types of detrimental or unfair treatment), and will take all possible action to protect and prohibit retaliations against whistleblowers who raise concerns in good faith.

# CORPORATE GOVERNANCE REPORT

## 4. 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.**

#### 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.**

#### 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 Board welcomes the views of shareholders on matters affecting the Group, whether at shareholders' meetings or on an ad-hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers and/or via SGXNET and the Company's corporate website at <https://www.kingsmen-int.com>, and if applicable, through reports or circulars provided to all shareholders, in which relevant rules and procedures governing the meetings are clearly communicated. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at shareholders' meetings for approval. "Bundling" of resolutions is kept to a minimum and is done only where the resolutions are interdependent and linked so as to form one significant proposal and the reasons and material implications involved are explained in the notices of shareholders' meetings. All resolutions are to be voted by poll, following which the detailed results showing, *inter alia*, the number of votes cast for and against each resolution and the respective percentages will be announced. Electronic poll voting has not been employed due to the costs involved. All directors attend shareholders' meetings and the Executive Chairman, the Deputy Executive Chairman and the chairpersons of the AC, NC and RC are available to answer queries. The external auditors are also present at the AGM to assist the directors in addressing any relevant queries by shareholders regarding the conduct of audit and the preparation and content of the auditors' report. The AGM is the principal forum for dialogue with shareholders. The directors had attended the AGM that was held by way of electronic means in FY2022 (the "2022 AGM"). Apart from the 2022 AGM, there was no other shareholders' meeting that was held during FY2022.

The Constitution of the Company allows a member of the Company to appoint not more than two (2) proxies to attend and vote at shareholders' meetings on behalf of the member. Voting in absentia and via electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of the member through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

Subject to prevailing laws, regulations and guidelines, shareholders will be given at least seven (7) calendar days after the publication of the notice of a shareholders' meeting to submit questions relating to the resolutions to be tabled for approval at the shareholders' meeting. Shareholders will also be given the opportunity to ask questions relating to the resolutions to be tabled for approval at the shareholders' meeting, in person during the shareholders' meeting. The Company will address relevant and substantial questions relating to the resolutions to be tabled for approval at the shareholders' meeting received before and during the shareholders' meeting, at the shareholders' meeting. The Company will publish the minutes of the shareholders' meeting via SGXNET and the Company's corporate website within one (1) month from the date of such meeting. The minutes of the shareholders' meeting will include the Company's responses to relevant and substantial questions relating to the resolutions to be tabled for approval at the shareholders' meeting that were addressed at the shareholders' meeting.

# CORPORATE GOVERNANCE REPORT

The Company does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profitability, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. The Company does not practise selective disclosure. Where there is inadvertent disclosure made to a select group, the Company makes the same disclosure publicly to all others as promptly as possible. Price sensitive information is first publicly released via SGXNET and the Company's corporate website before the Company meets with any group of investors, analysts, media or other stakeholders. The Group's financial results and annual reports are announced or issued via SGXNET within the period specified under the Listing Manual, and are also made available to the public via the Company's corporate website. The Company's comprehensive corporate website, which is updated regularly, allows the Company to communicate and engage with its stakeholders.

The Company also holds briefings to present full-year financial results for the media and analysts. Outside of the financial announcement periods, when necessary and appropriate, management will meet investors, analysts, media and other stakeholders who would like to seek a better understanding of the Group's business and operations. This also enables the Company to solicit feedback from the community on a range of strategic and topical issues which provide valuable insights to the Company on their views. When opportunities arise, the Company conducts media interviews to give its shareholders and the public a better perspective of the Group's business, operations and prospects.

The Company has an investor relations team who identifies and facilitates communication with investors, analysts, media and other stakeholders on a regular basis, attends to their queries or concerns, and keeps them apprised of the Group's developments. To enable these stakeholders to contact the Company easily, the contact details are set out on the Company's corporate website. The investor relations team has procedures in place for responding to queries on a timely basis.

## 5. DEALINGS IN SECURITIES

The Company has adopted an internal policy on dealings in the Company's securities, which is in line with the requirements of the Listing Manual and notified to all directors, officers and employees of the Group. The Company and all directors, officers and employees of the Group are prohibited from dealing in the Company's securities during the period commencing two (2) weeks before the announcement of the Group's quarterly financial results and one (1) month before the announcement of the Group's full-year financial results (if the Group announces quarterly financial results, whether required by the SGX-ST or otherwise), or one (1) month before the announcement of the Group's half-year and full-year financial results (if the Group does not announce quarterly financial results).

All directors, officers and employees are expected to observe insider trading laws at all times. In particular, they are aware that dealing in the Company's securities, when they are in possession of unpublished material price-sensitive information in relation to those securities, is an offence. Our directors, officers and employees are also discouraged from dealing in the Company's securities on short-term considerations.

## 6. MATERIAL CONTRACTS

Except as disclosed in the financial statements, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Executive Chairman, the Deputy Executive Chairman, the Group Chief Executive Officer, the directors or the controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

# CORPORATE GOVERNANCE REPORT

## 7. INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transaction with an interested party within the definition of Chapter 9 of the Listing Manual and has in place procedures for review and approval of all interested person transactions. In the event that a potential conflict of interest arises, the director concerned will disclose such conflict, not participate in discussions, abstain from decision-making, and refrain from exercising any influence over other members of the Board.

The Group does not have a general mandate for recurrent interested person transactions pursuant to Rule 920 of the Listing Manual. There were no interested person transactions which were more than S\$100,000 in FY2022. To ensure compliance with Chapter 9 of the Listing Manual, the AC and the Board review, on a quarterly basis, interested person transactions entered into by the Group (if any).

# FINANCIAL STATEMENTS

DIRECTORS' STATEMENT .....	46
INDEPENDENT AUDITOR'S REPORT .....	52
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	57
STATEMENTS OF FINANCIAL POSITION .....	58
STATEMENTS OF CHANGES IN EQUITY .....	59
CONSOLIDATED STATEMENT OF CASH FLOWS .....	62
NOTES TO THE FINANCIAL STATEMENTS .....	64

# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Kingsmen Creatives Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the reporting year ended 31 December 2022.

## 1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 2022, and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date; 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:

Soh Siak Poh Benedict	(Executive Chairman)
Simon Ong Chin Sim	(Deputy Executive Chairman)
Cheng Oon Teck	(Group Chief Executive Officer and Executive Director)
Chong Siew Ling	(Group Managing Director, Exhibitions & Thematic and Executive Director)
Wee Huat Seng	(Group Managing Director, Retail & Corporate Interiors and Executive Director)
Tan Cher Liang	(Independent Director)
Tan Guan Hiang	(Independent Director)
Loh Eu Tse Derek	(Independent Director)

## 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors of the Company, who held office at the end of the reporting year, had, according to the register of directors' shareholdings required to be kept by the Company under section 164 of the Companies Act 1967 (Singapore) (the "Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:



# DIRECTORS' STATEMENT

## 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Direct interest		Deemed interest	
	At the beginning of the reporting year	At the end of the reporting year	At the beginning of the reporting year	At the end of the reporting year
<u>Name of director</u>				
Soh Siak Poh Benedict	8,540,849	8,540,849	38,493,060	38,493,060
Simon Ong Chin Sim	8,840,830	9,040,830	37,993,060	37,993,060
Cheng Oon Teck	1,664,960	1,664,960	–	–
Chong Siew Ling	4,150,531	4,150,531	–	–
Wee Huat Seng	2,703,549	2,703,549	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the reporting year and 21 January 2023.

By virtue of section 7 of the Act, Soh Siak Poh Benedict and Simon Ong Chin Sim are deemed to have interests in shares of the subsidiaries of the Company.

Except as disclosed in this statement, no director of the Company who held office at the end of the reporting year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning of the reporting year, or at the end of the reporting year.

## 4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of, nor at any time during the reporting year, did there subsist arrangements to which the Company is a party, being arrangements whose objects 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, other than as disclosed under "Kingsmen Performance Share Scheme" in this statement.

## 5. SHARE OPTIONS

During the reporting year, no option to take up unissued shares of the Company or any subsidiary was granted and there were no shares of the Company or any subsidiary issued by virtue of the exercise of an option to take up unissued shares. At the end of the reporting year, there were no unissued shares of the Company or any subsidiary under option.

# DIRECTORS' STATEMENT

## 6. KINGSMEN PERFORMANCE SHARE SCHEME

The Kingsmen Performance Share Scheme (the "KPSS") was approved and adopted for an initial duration of ten years by the members of the Company at an Extraordinary General Meeting of the Company held on 29 April 2009. The KPSS was extended for a further duration of ten years by the members of the Company at the Sixteenth Annual General Meeting of the Company held on 30 April 2019. The purpose of the KPSS is to provide an opportunity for (a) Group employees, (b) Group executive directors (which refers to directors of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function within the Group), (c) Group non-executive directors (which refers to independent directors of the Company or directors of the Company and/or any of its subsidiaries, as the case may be, other than a Group executive director) and (d) associated company employees who have met performance targets to be remunerated through an equity stake in the Company and/or when due recognition should be given to any good work performance and/or significant contribution to the Group as well as for Group employees to receive part of their annual cash bonus payment in the form of shares of the Company. Persons eligible to participate in the KPSS who are also controlling shareholders of the Company or associates of a controlling shareholder of the Company would be eligible to participate in the KPSS subject to the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"). Under the KPSS, an award of fully paid shares of the Company may only be vested and consequently any shares comprised in such awards shall only be delivered upon (i) the committee administering the KPSS (the "KPSS Committee") being satisfied that the participant has achieved the pre-determined performance targets and/or due recognition should be given for good work performance and/or significant contribution to the Group and/or (ii) the Group decides to pay a pre-determined percentage of a Group employee's annual cash bonus payment in the form of shares of the Company. The pre-determined performance targets for each participant and the pre-determined percentage of a Group employee's annual cash bonus payment in the form of shares of the Company shall be determined by the KPSS Committee in its absolute discretion.

The KPSS Committee consists of five directors of the Company (being two of the executive directors, Mr Soh Siak Poh Benedict and Mr Simon Ong Chin Sim, and the three independent directors, Mr Tan Cher Liang, Ms Tan Guan Hiang and Mr Loh Eu Tse Derek). The quorum for any KPSS Committee meeting shall be three directors, of which two of the directors shall be independent directors. The KPSS shall be administered by the KPSS Committee in its absolute discretion with such powers and duties as are conferred on it by the board of directors, except that in compliance with the requirements of the Listing Manual, no member of the KPSS Committee shall participate in any deliberation or decision in respect of share awards granted or to be granted to him/her.

The KPSS shall continue in force at the discretion of the KPSS Committee, subject to a maximum period of ten years commencing on 30 April 2019 which is the date the KPSS was extended by the Company in a general meeting, provided always that the KPSS may continue beyond the above stipulated period with the approval of members of the Company by ordinary resolution in a general meeting and of any relevant authorities which may then be required. The KPSS may be terminated at any time by the KPSS Committee or by resolution of the Company in a general meeting subject to all relevant approvals, which may be required, and if the KPSS is terminated, no further awards shall be vested by the Company.

For the reporting year ended 31 December 2022, no award of performance shares has been granted under the KPSS (2021: Nil).

# DIRECTORS' STATEMENT

## 6. KINGSMEN PERFORMANCE SHARE SCHEME (CONT'D)

At the end of the reporting year under review, details of the performance shares awarded under the KPSS are as follows:

Detail of Participant	Balance as at 1.1.2022 (a)	Share awards granted during the reporting year	Share awards vested during the reporting year (b)	Balance as at 31.12.2022 (a)+(b)	Aggregate ordinary shares awarded since commencement of KPSS to end of reporting year under review
Controlling shareholders and associate					
Soh Siak Poh Benedict	606,410	–	–	606,410	606,410
Simon Ong Chin Sim	606,410	–	–	606,410	606,410
Ong Chin Kwan	110,730	–	–	110,730	110,730
Directors					
Cheng Oon Teck	491,530	–	–	491,530	491,530
Chong Siew Ling	515,770	–	–	515,770	515,770
Wee Huat Seng	648,150	–	–	648,150	648,150
Employees	6,874,980	–	–	6,874,980	6,874,980
	<u>9,853,980</u>	–	–	<u>9,853,980</u>	<u>9,853,980</u>

No participants have been awarded 5% or more of the aggregate number of performance shares which may be issued under the KPSS since its commencement.

The aggregate number of performance shares available to controlling shareholders and their associates must not exceed 25% of the performance shares available under the KPSS. The number of performance shares available to each controlling shareholder or his associate must also not exceed 10% of the performance shares available under the KPSS.

The aggregate number of performance shares issued and issuable pursuant to the KPSS and any other share based incentive schemes of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

## 7. AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following members, all of whom are independent:

Tan Cher Liang (Chairman)  
Tan Guan Hiang  
Loh Eu Tse Derek

# DIRECTORS' STATEMENT

## 7. AUDIT COMMITTEE (CONT'D)

The Audit Committee held four meetings since the last Directors' Statement and carried out its functions in accordance with section 201B(5) of the Act, the Listing Manual and the Code of Corporate Governance 2018 which include the following:

- reviewing the Group's financial statements, and significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the board of directors;
- reviewing the audit plans and reports of the internal and external auditors and to consider the effectiveness of the actions taken by management on the auditors' recommendations;
- ensuring that management provides assistance and co-operation to the internal and external auditors;
- evaluating the adequacy and effectiveness of the Group's internal controls and risk management systems by, *inter alia*, reviewing the reports of the internal and external auditors, and management's responses and actions to correct any deficiencies and reporting the same to the board of directors at least annually;
- reviewing the independence, adequacy and effectiveness of the Group's internal audit function;
- reviewing the assurance from the executive directors (including the Group Chief Executive Officer who is an executive director) and the Financial Controller on the financial records and financial statements;
- making recommendations to the board of directors on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors;
- making recommendations to the board of directors on the remuneration and terms of engagement of the external auditors;
- reviewing the independence and objectivity of the external auditors at least annually; and
- reviewing interested person transactions (as defined in the Listing Manual).

In addition, the Audit Committee is tasked to commission independent investigations of any suspected fraud or irregularity, which has or is likely to have a material impact on the Group's operating results or financial position, and to review the findings of such investigations. The Audit Committee has reasonable resources to enable it to discharge its responsibilities properly. It has full access to, and the co-operation of, management and full discretion to invite any director or key executive to attend its meetings.

The Audit Committee also meets with the internal and external auditors without management, at least annually and whenever necessary to review the adequacy and effectiveness of audit arrangements, with emphasis on the scope and quality of audit and the independence and objectivity of the auditors, and the results of the audit functions.

The Company has complied with Rules 712 and 715 of the Listing Manual in the appointment of its external auditors. The Audit Committee and the board of directors confirmed that they are satisfied that the appointment of different auditors for the Group's subsidiaries and associates would not compromise the standard and effectiveness of the audit of the Group.

No non-audit services were rendered by the external auditors during the reporting year. The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the board of directors that the external auditors, RSM Chio Lim LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

# DIRECTORS' STATEMENT

## 8. INDEPENDENT AUDITORS

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

On behalf of the board of directors

Soh Siak Poh Benedict  
Director

Simon Ong Chin Sim  
Director

24 March 2023

# INDEPENDENT AUDITOR'S REPORT

To The Members of Kingsmen Creatives Ltd.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of Kingsmen Creatives Ltd. (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 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (Singapore) (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 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting 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 (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (1) Recognition of contract revenue

The Group largely recognises revenue and profit from contract for project works over time, based on the progress of each contract. The progress is usually assessed with reference to the proportion of contract costs incurred for the work performed as at the reporting year end, relative to the estimated total costs of the contract at completion. The recognition of revenue and profit is therefore dependent on management's estimates in relation to the final revenue and costs of each contract. Cost contingencies may also be included in the estimates to take into account specific uncertainties arising within each contract. These contingencies are reviewed by management throughout the contract life and adjusted where appropriate. Subsequent variations from the initially agreed scope of work are included in the estimates. The amounts to be included are recognised when the Group believes it is probable that a significant revenue reversal will not occur when the uncertainty associated with the variations are subsequently resolved. Significant management's judgements are exercised in estimating the amount of revenue to be recognised by the Group, assessing the level of cost contingencies, and recognising variation orders and claims. There is a risk that the Group's recognition of contract revenue may not be reasonable. Please refer to Note 2 of the financial statements on accounting policies and Note 3 of the financial statements on critical judgements, assumptions and estimation uncertainties. Further information in relation to contract revenue is provided in Notes 6 and 25 of the financial statements.

# INDEPENDENT AUDITOR'S REPORT

To The Members of Kingsmen Creatives Ltd.

## Key audit matters (cont'd)

### (1) Recognition of contract revenue (cont'd)

We have selected a sample of contracts that met certain qualitative and quantitative criteria to assess the reasonableness of management's estimates. We have examined the key contract terms identifying relevant contractual mechanisms such as liquidated damages, defects liability and warranties. We have obtained relevant information from management when assessing whether these key terms have been appropriately accounted for in the financial statements. We have performed a review of prior and current contract project budgets, available third party evidence and historical trends and assessed consistency with the progress of projects supported by the detailed status reports during the current reporting year to assess the reasonableness of management's estimates used to determine costs to complete. In relation to actual costs incurred to date, we have tested the costs incurred to suppliers' invoices and other supporting documents. We have also performed tests and assessed the variation orders and claims recognised on projects.

Based on our procedures, we found management's approach and estimates used to account for contract revenue to be reasonable. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

### (2) Assessment of goodwill

Management monitors and assesses at least annually to determine whether goodwill has suffered any impairment loss. The assessment, based on the 'value in use' method, is complex and involves significant management's judgements about the future results of the business and the budgeted gross margins, discount rates and growth rates applied to cash flow forecasts. There is a risk that the Group's goodwill may be overstated and impairment loss is not provided. Please refer to Note 2 of the financial statements on accounting policies and Note 3 of the financial statements on critical judgements, assumptions and estimation uncertainties. Further information in relation to goodwill is provided in Note 17 of the financial statements.

Management's 'value in use' estimates require significant judgements and the determination of the recoverable amounts is a key focus area of our audit. We have discussed with management the process over the determination of the 'value in use' estimates. Our audit procedures included, among others, using our in-house valuation specialist to assist us in evaluating and challenging management's methodologies and 'value in use' estimates for indications of possible bias on the part of management. This is done through our knowledge of the cash-generating units' operations, their past performance, management's growth strategies and cost initiatives. We have also evaluated the discount rates and growth rates for their appropriateness and tested the accuracy of the computations.

Based on our procedures, we found management's approach and 'value in use' estimates and computations to be reasonable. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

### (3) Recoverability of trade receivables

Management monitors and assesses the Group's credit risk, and where required, adjust the level of allowance for expected credit losses on doubtful trade receivables, which requires significant management's judgements regarding the expected future financial condition and ability of future receipts from the debtors, especially where the debts are overdue. Management's approach in assessing recoverability of the trade receivables includes analysing historical collection trends and credit standings of the debtors. There is a risk that the Group's trade receivables which are past due but not impaired may not be recoverable and allowance for expected credit losses on doubtful trade receivables may not be adequate or reasonable. Please refer to Note 2 of the financial statements on accounting policies and Note 3 of the financial statements on critical judgements, assumptions and estimation uncertainties. Further information in relation to trade receivables is provided in Notes 26 and 35 of the financial statements.

# INDEPENDENT AUDITOR'S REPORT

To The Members of Kingsmen Creatives Ltd.

## Key audit matters (cont'd)

### (3) Recoverability of trade receivables (cont'd)

We have evaluated management's assessment of the recoverability of the Group's trade receivables which are past due but not impaired as at the reporting date, including the assessment of any allowance for expected credit losses to be made by the Group in respect of overdue trade receivables. This is undertaken by considering amongst others, available evidence which includes credit rating, actual or expected significant changes in operating results, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant increase in credit risk of the debtors and factors such as subsequent receipts, past payment practices, ongoing business relationship and repayment schedule as agreed with the debtors. We have also enquired with management on the reasons for the delay in payments on the overdue trade receivables.

Based on our procedures, we found management's approach and estimates used in assessing sufficiency of allowance for expected credit losses on doubtful trade receivables to be reasonable. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

### (4) Assessment of investments in subsidiaries and recoverability of amounts due from subsidiaries

Management monitors and assesses at each reporting date to determine whether there are indicators of impairment of investments in subsidiaries and non-recoverability of amounts due from subsidiaries, especially where the amounts are overdue, and if there are such indicators, cash flow forecasts are performed to assess the recoverable amounts of investments in subsidiaries and amounts due from subsidiaries. The assessment is complex and involves significant management's judgements about the future results of the business and the budgeted gross margins, discount rates and growth rates applied to cash flow forecasts. There is a risk that the Group's investments in subsidiaries and amounts due from subsidiaries which are past due but not impaired may not be recoverable and impairment loss and allowance for expected credit losses respectively may not be adequate or reasonable. Please refer to Note 2 of the financial statements on accounting policies and Note 3 of the financial statements on critical judgements, assumptions and estimation uncertainties. Further information in relation to investments in subsidiaries and amounts due from subsidiaries are provided in Notes 18 and 26 of the financial statements respectively.

Management's estimates applied to the cash flow forecasts require significant judgements and the determination of the recoverable amounts is a key focus area of our audit. We have discussed with management the process over the determination of the estimates applied to the cash flow forecasts. Our audit procedures included, among others, evaluating and challenging management's methodologies and estimates used in the cash flow forecasts for indications of possible bias on the part of management. This is done through our knowledge of the cash-generating units' operations, their past performance, management's growth strategies and cost initiatives. We have also evaluated the discount rates and growth rates for their appropriateness and tested the accuracy of the computations.

We have also evaluated management's assessment of the recoverability of amounts due from subsidiaries which are past due but not impaired as at the reporting date, including the assessment of any allowance for expected credit losses to be made by the Company in respect of overdue amounts. This is undertaken by considering amongst others, available evidence which includes actual or expected significant changes in operating results, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant increase in credit risk of the subsidiaries and factors such as subsequent receipts, past payment practices, ongoing business relationship and repayment schedule as agreed with the subsidiaries. We have also enquired with management on the reasons for the delay in payments on the overdue amounts.

Based on our procedures, we found management's approach and estimates used in the cash flow forecasts to be reasonable. We also found management's approach and estimates used in assessing sufficiency of allowance for expected credit losses on doubtful amounts due from subsidiaries to be reasonable. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.



# INDEPENDENT AUDITOR'S REPORT

To The Members of Kingsmen Creatives Ltd.

## Other information

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 scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- (b) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- (c) 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 Kingsmen Creatives Ltd.

## Auditor's responsibilities for the audit of the financial statements (cont'd)

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 reporting year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries 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 Lock Chee Wee.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

24 March 2023

Engagement partner - effective from reporting year ended 31 December 2019

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Note	Group 2022 \$'000	2021 \$'000
<b>Revenue</b>	6	328,358	273,177
Cost of sales		(258,021)	(214,283)
<b>Gross profit</b>		70,337	58,894
<b>Other items of income</b>			
Interest income	7	464	268
Other income	8	6,055	9,005
<b>Other items of expense</b>			
Depreciation of property, plant and equipment	15	(2,667)	(2,960)
Employee benefits expense	9	(55,118)	(48,254)
Other expenses	10	(13,207)	(13,880)
Interest expense	11	(1,011)	(892)
Share of result of joint venture		-	-
Share of results of associates		865	(1,132)
<b>Profit before tax</b>		5,718	1,049
Income tax expense	12	(1,647)	(1,191)
<b>Profit/(loss) net of tax</b>		4,071	(142)
<b>Other comprehensive income/(loss):</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(3,229)	1,285
		(3,229)	1,285
Items that will not be reclassified to profit or loss:			
Change in fair value of equity instruments at fair value through other comprehensive income		(1,138)	2,120
Defined benefit plan actuarial gain, net of tax		6	5
		(1,132)	2,125
<b>Other comprehensive (loss)/income for the year, net of tax</b>		(4,361)	3,410
<b>Total comprehensive (loss)/income</b>		(290)	3,268
<b>Profit/(loss) net of tax attributable to:</b>			
Equity holders of the Company		4,637	1,004
Non-controlling interests		(566)	(1,146)
<b>Profit/(loss) net of tax</b>		4,071	(142)
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		252	4,495
Non-controlling interests		(542)	(1,227)
<b>Total comprehensive (loss)/income</b>		(290)	3,268
<b>Earnings per share attributable to equity holders of the Company (cents per share)</b>			
Basic	13	2.30	0.50
Diluted	13	2.30	0.50

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Land use rights	14	6,734	7,118	5,523	5,766
Property, plant and equipment	15	36,544	39,221	21,218	22,358
Investment property	16	1,479	1,591	–	–
Intangible assets	17	5,317	5,467	–	–
Investments in subsidiaries	18	–	–	27,202	28,649
Investment in joint venture	19	–	–	–	–
Investments in associates	20	3,422	3,257	2,502	3,430
Other investments	21	1,821	3,243	1,821	3,243
Right-of-use assets	22	2,639	2,962	8	10
Deferred tax assets	23	2,722	2,442	–	–
		60,678	65,301	58,274	63,456
<b>Current assets</b>					
Inventories	24	1,364	1,641	–	–
Contract assets	25	37,394	24,651	–	–
Trade and other receivables	26	87,622	74,300	4,710	1,376
Other assets	27	3,574	2,983	80	17
Cash and cash equivalents	28	76,307	81,534	6,327	7,365
		206,261	185,109	11,117	8,758
<b>Total assets</b>		266,939	250,410	69,391	72,214
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	29	29,191	29,191	29,191	29,191
Retained earnings		87,368	82,628	23,835	23,932
Other reserves	30	(6,759)	(2,307)	(1,233)	189
		109,800	109,512	51,793	53,312
Non-controlling interests		(1,052)	(475)	–	–
<b>Total equity</b>		108,748	109,037	51,793	53,312
<b>Non-current liabilities</b>					
Trade and other payables	31	1,077	1,134	–	–
Other financial liabilities	32	17,938	23,436	13,625	14,695
Deferred tax liabilities	23	290	278	81	81
		19,305	24,848	13,706	14,776
<b>Current liabilities</b>					
Contract liabilities	25	6,264	6,329	–	–
Trade and other payables	31	114,887	91,638	2,476	2,545
Other financial liabilities	32	11,792	12,234	1,126	1,324
Other liabilities	33	3,851	4,532	69	59
Income tax payable		2,092	1,792	221	198
		138,886	116,525	3,892	4,126
<b>Total liabilities</b>		158,191	141,373	17,598	18,902
<b>Total equity and liabilities</b>		266,939	250,410	69,391	72,214

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

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

Group	Attributable to equity holders of the Company					
	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Equity attributable to equity holders of the Company, total \$'000	Non-controlling interests \$'000	Equity, total \$'000
<b>Opening balance at 1 January 2022</b>	29,191	82,628	(2,307)	109,512	(475)	109,037
Profit/(loss) for the year	–	4,637	–	4,637	(566)	4,071
<u>Other comprehensive income/(loss)</u>						
Change in fair value of equity instruments at fair value through other comprehensive income (Note 30)	–	–	(1,138)	(1,138)	–	(1,138)
Foreign currency translation (Note 30)	–	–	(3,253)	(3,253)	24	(3,229)
Defined benefit plan actuarial gain (Note 31)	–	6	–	6	–*	6
Other comprehensive income/(loss) for the year, net of tax	–	6	(4,391)	(4,385)	24	(4,361)
<b>Total comprehensive income/(loss) for the year</b>	–	4,643	(4,391)	252	(542)	(290)
<u>Changes in ownership interests in subsidiaries</u>						
Realisation of reserve upon struck off of a subsidiary (Note 30)	–	–	36	36	–	36
Dividends paid to non-controlling interests of a subsidiary	–	–	–	–	(35)	(35)
Total changes in ownership interests in subsidiaries	–	–	36	36	(35)	1
<b>Total transactions with equity holders in their capacity as equity holders</b>	–	–	36	36	(35)	1
<u>Others</u>						
Transfer of fair value reserve upon disposal of equity instrument at fair value through other comprehensive income (Note 30)	–	284	(284)	–	–	–
Appropriation to statutory reserve fund (Note 30)	–	(187)	187	–	–	–
<b>Total others</b>	–	97	(97)	–	–	–
<b>Closing balance at 31 December 2022</b>	29,191	87,368	(6,759)	109,800	(1,052)	108,748

\* Amount less than \$1,000

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

Group	Attributable to equity holders of the Company					
	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Equity attributable to equity holders of the Company, total \$'000	Non-controlling interests \$'000	Equity, total \$'000
<b>Opening balance at 1 January 2021</b>	29,191	82,260	(6,434)	105,017	772	105,789
Profit/(loss) for the year	–	1,004	–	1,004	(1,146)	(142)
<u>Other comprehensive income/(loss)</u>						
Change in fair value of equity instruments at fair value through other comprehensive income (Note 30)	–	–	2,120	2,120	–	2,120
Foreign currency translation (Note 30)	–	–	1,366	1,366	(81)	1,285
Defined benefit plan actuarial gain (Note 31)	–	5	–	5	–*	5
Other comprehensive income/(loss) for the year, net of tax	–	5	3,486	3,491	(81)	3,410
<b>Total comprehensive income/(loss) for the year</b>	–	1,009	3,486	4,495	(1,227)	3,268
<u>Changes in ownership interests in subsidiaries</u>						
Dividends paid to non-controlling interests of a subsidiary	–	–	–	–	(20)	(20)
Total changes in ownership interests in subsidiaries	–	–	–	–	(20)	(20)
<b>Total transactions with equity holders in their capacity as equity holders</b>	–	–	–	–	(20)	(20)
<u>Other</u>						
Appropriation to statutory reserve fund (Note 30)	–	(641)	641	–	–	–
<b>Total other</b>	–	(641)	641	–	–	–
<b>Closing balance at 31 December 2021</b>	29,191	82,628	(2,307)	109,512	(475)	109,037

\* Amount less than \$1,000

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

Company	Attributable to equity holders of the Company			
	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Equity, total \$'000
<b>Opening balance at 1 January 2022</b>	29,191	23,932	189	53,312
Loss for the year	–	(381)	–	(381)
<u>Other comprehensive loss</u>				
Change in fair value of equity instruments at fair value through other comprehensive income (Note 30)	–	–	(1,138)	(1,138)
Other comprehensive loss for the year, net of tax	–	–	(1,138)	(1,138)
<b>Total comprehensive loss for the year</b>	–	(381)	(1,138)	(1,519)
<b>Total transactions with equity holders in their capacity as equity holders</b>	–	–	–	–
<u>Other</u>				
Transfer of fair value reserve upon disposal of equity instrument at fair value through other comprehensive income (Note 30)	–	284	(284)	–
<b>Total other</b>	–	284	(284)	–
<b>Closing balance at 31 December 2022</b>	<b>29,191</b>	<b>23,835</b>	<b>(1,233)</b>	<b>51,793</b>
<b>Opening balance at 1 January 2021</b>	29,191	25,427	(1,931)	52,687
Loss for the year	–	(1,495)	–	(1,495)
<u>Other comprehensive income</u>				
Change in fair value of equity instruments at fair value through other comprehensive income (Note 30)	–	–	2,120	2,120
Other comprehensive income for the year, net of tax	–	–	2,120	2,120
<b>Total comprehensive (loss)/income for the year</b>	–	(1,495)	2,120	625
<b>Total transactions with equity holders in their capacity as equity holders</b>	–	–	–	–
<b>Closing balance at 31 December 2021</b>	<b>29,191</b>	<b>23,932</b>	<b>189</b>	<b>53,312</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Group	
	2022	2021
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	5,718	1,049
Adjustments for:		
Amortisation of intangible assets	112	29
Amortisation of land use rights	270	271
Bad trade debts written off	21	46
Bad non-trade debt written off	1,144	–
Depreciation of investment property	18	–
Depreciation of property, plant and equipment	3,160	4,393
Depreciation of right-of-use assets	2,240	2,522
Gain on disposal of assets classified as held for sale	–	(1,558)
Gain on disposal of right-of-use asset	–	(13)
Gain on lease modifications	(2,172)	(28)
Impairment loss on investments in associates	561	–
Impairment loss on property, plant and equipment	525	446
Impairment loss on right-of-use asset	461	574
Net impairment loss on doubtful trade receivables	227	2,310
Net loss on disposal of property, plant and equipment	19	231
Property, plant and equipment written off	28	46
Write-off of trade and other payables	(360)	(135)
Interest income	(464)	(268)
Interest expense	1,011	892
Share of results of associates	(865)	1,132
Currency realignment	(422)	269
<b>Operating cash flows before changes in working capital</b>	11,232	12,208
(Increase)/decrease in:		
Inventories	277	257
Contract assets	(12,743)	(779)
Trade and other receivables	(14,714)	4,337
Other assets	(512)	(410)
Increase/(decrease) in:		
Contract liabilities	(65)	1,476
Trade and other payables	23,552	(10,768)
Other liabilities	(681)	1,699
<b>Net cash flows from operations</b>	6,346	8,020
Interest received	464	268
Interest paid	(761)	(615)
Income taxes paid	(1,708)	(1,188)
<b>Net cash flows from operating activities</b>	4,341	6,485



# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Group	
	2022	2021
	\$'000	\$'000
<b>Cash flows from investing activities</b>		
Acquisition of other investments	–	(262)
Purchase of property, plant and equipment	(1,842)	(672)
Proceeds from disposal of assets classified as held for sale	–	3,153
Proceeds from disposal of other investment	284	–
Proceeds from disposal of property, plant and equipment	22	775
Proceeds from disposal of right-of-use asset	–	55
<b>Net cash flows (used in)/from investing activities</b>	<u>(1,536)</u>	<u>3,049</u>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests of a subsidiary	(35)	(20)
Proceeds from draw down of loans and borrowings	7,048	6,835
Repayment of loans and borrowings	(9,865)	(12,577)
Repayment of lease liabilities	(3,456)	(3,420)
Decrease in deposits pledged for bank facilities	34	185
<b>Net cash flows used in financing activities</b>	<u>(6,274)</u>	<u>(8,997)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(3,469)	537
Effect of exchange rate changes on cash and cash equivalents	(1,781)	1,180
Cash and cash equivalents at beginning of year	80,389	78,672
<b>Cash and cash equivalents at end of year (Note 28)</b>	<u>75,139</u>	<u>80,389</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 1. GENERAL

Kingsmen Creatives Ltd. (the "Company") is a limited liability company incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited. The registered office and principal place of business of the Company is located at 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032.

The principal activities of the Company are investment holding and the provision of corporate marketing and other related services. The principal activities of the subsidiaries are disclosed in the note on investments in subsidiaries.

The financial statements are presented in Singapore dollars ("SGD" or "\$") and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated and they cover the Company and the subsidiaries. The board of directors approved and authorised these financial statements for issue on the date of the directors' statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") as issued by the Singapore Accounting Standards Council, and the Companies Act 1967 (Singapore). The financial statements are prepared on a going concern basis under the historical cost convention except where an SFRS(I) requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies which are in accordance with SFRS(I) need not be applied when the effects of applying them are immaterial. The disclosures required by SFRS(I) need not be made if the information resulting from those disclosures are not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by SFRS(I). Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

### Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting period of the Company and its subsidiaries (collectively, the "Group"). The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the Company and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the Group obtains control of the investee and cease when the Group loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as a jointly-controlled entity, an associate or a financial asset in accordance with SFRS(I) 9 Financial Instruments.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Basis of presentation (cont'd)

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation prior to 1 January 2010:

- Acquisition of non-controlling interests, prior to 1 January 2010, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these losses. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investments as at 1 January 2010 has not been restated.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967 (Singapore), the Company's separate statement of profit or loss and other comprehensive income is not presented.

### Basis of preparation of the financial statements

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations and assumptions, management has made judgements in the process of applying the Group's accounting policies. The areas requiring management's subjective or complex judgements, or areas where estimates and assumptions are significant to the financial statements, are disclosed in the note on critical judgements, assumptions and estimation uncertainties.

### 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, net of any related sales taxes and rebates and excluding amounts collected on behalf of third parties.

- Revenue from contract for project works is recognised in accordance with the accounting policy on contract revenue (see next note below).
- Revenue from sale of goods is recognised at a point in time when the performance obligation is satisfied by transferring a promised good to the customer which is when the customer obtains control of the good, generally on delivery or utilisation of the good.
- Revenue from rendering of services is recognised at a point in time when the performance obligation is satisfied which is when the significant acts have been completed and transfer of control occurs. For services that are not significant transactions, revenue is recognised as the services are provided.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Revenue recognition (cont'd)

- Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.
- Interest income is recognised using the effective interest method.
- Dividend income from equity instruments is recognised when the Group's right to receive payment is established.

### Contract revenue

The Group principally operates fixed price contracts. At contract inception, the Group assesses whether the Group transfers control over time or at a point in time by determining if (a) its performance creates or enhances an asset (for example, work-in-progress) that the customer controls as the asset is created or enhanced; or (b) its performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Where the customer controls the asset as it is created or enhanced; or the asset has no alternative use for the Group due to contractual restriction and the Group has enforceable rights to payment arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the contract. The measure of progress is determined based on reference to certification of value of work performed to date. Where there is no certification of value available, the measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. 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. If the value of the contract transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the contract transferred, a contract liability is recognised.

For contract where the Group does not have enforceable right to payment, revenue is recognised only when the completed contract is delivered to the customers and the customers have accepted it in accordance with the sales contract.

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

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. Inventories), these costs are accounted for in accordance with those other SFRS(I). If these costs are not within the scope of another SFRS(I), the Group will capitalise these costs as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Contract revenue (cont'd)

Contract modifications are accounted as follows:

- Contract modifications that add distinct goods or services at their standalone selling prices are accounted for as separate contracts.
- Contract modifications that add distinct goods or services but not at their standalone selling prices are accounted for as a continuation of the existing contract. The Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations.
- Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

### Government grants

Government grants are recognised where 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, it is recognised as income in equal amounts over the expected useful life of the related asset.

### Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

### Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The Group's legal or constructive obligation is limited to the amount that it is obligated to contribute to independently administered funds, such as the Central Provident Fund in Singapore and the Employees Provident Fund in Malaysia.

The Group operates an unfunded defined benefit plan for qualifying employees of its subsidiary in Indonesia. In accordance with the terms of their employment contracts, the benefits are calculated based on the last drawn salaries, length of services and rates set out in the relevant legislation. The Group's obligations under the defined benefit plan, calculated using the projected unit credit method, are determined based on actuarial assumptions and computations. Actuarial assumptions are updated for any material transactions and changes in circumstances at the end of each reporting period.

For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur.

A liability for bonuses is recognised where the Group is contractually obliged or where there is constructive obligation based on past practice.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Share-based compensation

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares. As there is no vesting period, the fair value of the employee services rendered is measured by reference to the fair value of the shares granted on the date of the grant which is expected to be the prevailing market price per share on the date of grant multiplied by the number of shares under each grant. This fair value amount is charged to profit or loss on the date of grant as an expense in the Group's income statement with a corresponding adjustment to the share capital account when new shares are issued, or to treasury shares account when treasury shares are re-issued to the employees.

### Income tax

Income taxes are accounted for using the asset and liability method that requires the recognition of taxes payable or refundable for the current reporting period and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantively enacted tax laws at the end of each reporting period; the effects of future changes in tax laws or rates are not anticipated. Tax expense/(tax income) is the aggregate amount included in the determination of profit or loss for the reporting period in respect of current tax and deferred tax. Current tax and deferred tax are recognised as an income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, joint ventures and associates except where the Group is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

### Foreign currency transactions and balances

The functional currency of the Company is the Singapore dollar as it reflects the primary economic environment in which the Company operates.

Transactions in foreign currencies are recorded in the functional currency at the exchange rates ruling at the dates of the transactions. At the end of each reporting period, recorded monetary balances, balances measured at historical cost and balances measured at fair value that are denominated in non-functional currencies are reported at the exchange rates ruling at the end of the reporting period, initial transaction dates and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss, except when recognised in other comprehensive income.

The presentation currency is the functional currency.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Translation of financial statements of other entities

Each entity in the Group determines its appropriate functional currency to reflect the primary economic environment in which the entity operates in. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency i.e. the Singapore dollar, the assets and liabilities denominated in other currencies are translated at the exchange rates ruling at the end of the reporting period and the profit or loss items are translated at average exchange rates for the reporting period. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that entity.

The step-by-step method is used whereby the financial statements of the foreign operation are first translated into the functional currency of any intermediate holding company/companies and then translated into the presentation currency of the Company.

### Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision makers in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

### Subsidiaries

A subsidiary is an entity that is controlled by the Group and the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the Group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

### Joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity in which the Group has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in a joint venture or an associate includes goodwill on acquisition, which is accounted for in accordance with SFRS(I) 3 Business Combinations. However, the entire carrying amount of the investment is tested under SFRS(I) 1-36 Impairment of Assets for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in SFRS(I) 9 Financial Instruments indicates that the investment may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Joint ventures and associates (cont'd)

In the consolidated financial statements, investment in a joint venture or an associate is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of the joint venture's or associate's net assets. Goodwill relating to a joint venture or an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the joint venture's or associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the joint venture or associate in the period in which the investment is acquired. The Group's profit or loss includes its share of the joint venture's or associate's profit or loss and the Group's other comprehensive income includes its share of the joint venture's or associate's other comprehensive income. Distributions received from a joint venture or an associate reduce the carrying amount of the investment. Losses of a joint venture or an associate in excess of the Group's interest in the joint venture or associate are not recognised except to the extent that the Group has an obligation. Profits and losses resulting from transactions between the Group and a joint venture or an associate are recognised in the financial statements only to the extent of the Group's unrelated interests in the joint venture or associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the joint venture or associate are prepared as of the same reporting date as the Company. Accounting policies of the joint venture or associate are changed where necessary to ensure consistency with the policies adopted by the Group. The Group discontinues the use of the equity method of accounting from the date when its investment ceases to be a joint venture or an associate and accounts for the investment as a financial asset in accordance with SFRS(I) 9 Financial Instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture or associate is measured at fair value at the date that it ceases to be a joint venture or an associate.

In the Company's separate financial statements, an investment in a joint venture or an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a joint venture or an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a joint venture or an associate are not necessarily indicative of the amount that would be realised in a current market exchange.

### Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting.

The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received. At acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition date fair values as defined in and that meet the conditions for recognition under SFRS(I) 3 Business Combinations. If the acquirer has made a gain from a bargain purchase, that gain is recognised in profit or loss. For gain on bargain purchase, a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Business combinations (cont'd)

Where the fair values are measured on a provisional basis, they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of acquisition method of accounting at the date of acquisition are treated as assets and liabilities of the acquired entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the exchange rates ruling at the end of the reporting period.

In comparison to the above mentioned requirements, the following differences were applied to business combinations prior to 1 January 2010:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

### Non-controlling interests

Non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the Group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the Company. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date and measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred measured at acquisition date fair value; (ii) the amount of any non-controlling interest in the acquiree measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets; and (iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the identifiable assets acquired and the liabilities assumed measured at acquisition date fair values in accordance with SFRS(I) 3 Business Combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Goodwill (cont'd)

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy on translation of financial statements of other entities.

Goodwill and fair value adjustments which arose on the acquisition of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the exchange rates prevailing at the date of acquisition.

### Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less any accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis over the lease terms of 30 to 50 years.

### Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition, other than freehold land, at cost less any accumulated depreciation and accumulated impairment losses. The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. Freehold land has an unlimited useful life and therefore is not depreciated. The estimated annual rates of depreciation are as follows:

Buildings	–	2% – 3.67%
Experiential and themed attractions	–	14.29% – 26.67%
Machinery and equipment	–	10% – 50%
Office equipment, computers and software	–	10% – 33.33%
Motor vehicles	–	10% – 25%
Furniture and fittings	–	8% – 20%
Renovations	–	10% – 30%

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Property, plant and equipment (cont'd)

Assets under construction included in property, plant and equipment are not depreciated as these assets are not available for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss.

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

### Investment properties

Investment properties are properties that are either owned by the Group to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs and subsequently carried at cost less any accumulated depreciation and accumulated impairment losses. The carrying amounts of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Depreciation is provided on a straight-line basis to allocate the depreciable amounts over their estimated useful lives. Freehold land has an unlimited useful life and therefore is not depreciated. The estimate annual rate of depreciation for building is 2%.

The residual value, useful life and depreciation method are reviewed at least at the end of each reporting period and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Investment properties are subject to renovation or improvement at regular intervals. The cost of major renovations and improvements is capitalised if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal or retirement. Any gains or losses on the disposal or retirement of an investment property are recognised in profit or loss in the year of disposal or retirement.

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Leases (cont'd)

#### Group as a lessee

The Group recognises right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, and estimates of cost to dismantle and remove the underlying assets or to restore the underlying assets to the condition required by the terms and conditions of the leases or to restore the sites on which they are located, less any lease incentives received. The carrying amounts of right-to-use assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Right-of-use assets are depreciated as below on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, or if ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Production, office, retail, storage and dormitory facilities	–	12 to 74 months
Office equipment	–	36 to 81 months
Motor vehicle	–	84 months

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured (with a corresponding adjustment to the carrying amount of right-of-use assets, or recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero) if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or a rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised in the period in which they are earned.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying amounts may be impaired individually or at the cash-generating unit level. An intangible asset with an indefinite useful life is not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The amortisation period and amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The estimated useful lives are as follows:

Customer relationships	–	60 to 72 months
Licences	–	12 to 84 months

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the acquiree or from other rights and obligations.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

### Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at the end of each reporting period for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Impairment of non-financial assets (cont'd)

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

At the end of each reporting period, non-financial assets, other than goodwill, with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. 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. Such reversal is recognised in profit or loss.

### Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined.

### Financial assets

A financial asset is recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. The initial recognition of financial asset is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial asset classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

The Group's financial assets include investments in debt instruments at amortised cost and investments in equity instruments at fair value through other comprehensive income. Subsequent measurement of the financial assets is as follows:

#### Investments in debt instruments at amortised cost

Investments in debt instruments 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial assets (cont'd)

#### Investments in equity instruments at fair value through other comprehensive income

On initial recognition of investments in equity instruments that are not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of an investment in debt instrument at amortised cost, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss that had been recognised in other comprehensive income is not reclassified to profit or loss but is transferred to retained earnings.

#### **Impairment of financial assets and contract assets**

The Group recognises an allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and contract assets. ECL is based on the difference between contracted 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 amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the assets. ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next twelve months (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 (lifetime ECL).

To the extent that it is feasible, the Group assesses credit risk on assets on an individual basis. In cases where that process is not feasible, a collective assessment is performed. 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 considers an asset to be in default when the counterparty is unlikely to pay its credit obligations to the Group in full, without recourse actions by the Group, if any. To assess whether there is a significant increase in credit risk, the Group compares the risk of 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 forward-looking information which includes internal credit rating, external credit rating, actual or expected significant changes in the operating results, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the ability to meet obligations and significant increases in credit risk on other financial instruments of the counterparty. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk of an asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. The asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less bank overdrafts payable on demand and cash subject to restriction that form an integral part of cash management.

### Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the Group. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

### Treasury shares

Where the Company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the Company's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners and no gain or loss is recognised in profit or loss. Voting rights relating to the treasury shares are nullified for the Company and no dividends are allocated to them.

### Financial liabilities

A financial liability is recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

After initial recognition, all changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred. Financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses on such financial liabilities are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition, the difference between the carrying amount and the consideration paid is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Group's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes to the financial statements); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of each reporting period. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The disclosures of fair value of current financial instruments are not made when the carrying amounts of these current financial instruments are reasonable approximation of their fair values. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of each reporting period and in the event, the fair values are disclosed in the relevant notes to the financial statements.

### Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. A provision is made using best estimate of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting period they occur.

### Contingencies

A contingent liability is (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or (b) a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 3. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The critical judgements made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting period are discussed below. These judgements, assumptions and estimates are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

### Income taxes

The Group recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the Group will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the Group expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature, assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the notes on income tax and deferred tax.

### Contract revenue

The Group recognises contract revenue over time by reference to the Group's progress towards completing the contract. The measure of progress is determined based on reference to certification of value of work performed to date ("output method"). Where there is no certification of value available, the measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Significant assumptions and judgements are used to estimate the total contract costs to complete which are used in the input method to determine the Group's recognition of contract revenue. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding adjustment to profit margin being recognised prospectively from the date of change. The estimates are made based on past experience and the work of specialists. 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. When it is probable that the total contract costs will exceed the total contract revenue, a provision for onerous contracts is recognised immediately. The carrying amount of assets and liabilities arising from contract revenue at the end of the reporting year are disclosed in the notes on contract assets and contract liabilities.

### Unbilled contract revenue

Costs and estimated profits in excess of billings on uncompleted contracts include amounts that management seek or will seek to collect from customers or others, which may include amounts for changes in contract specifications or design, contracts in dispute or other unanticipated additional contract costs. Such amounts are recorded at estimated net realisable value and take into account factors that may affect the Group's ability to bill unbilled revenues and collect amounts after billing.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 3. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

### Provision for inventory obsolescence

A review is made periodically on inventories for obsolescence, excess inventories and declines in net realisable value below cost and an allowance is recorded against the carrying amount of inventories for any such obsolescence, excess and declines. These reviews require management to consider the future demand for the inventories. In any case, the realisable value represents the best estimate of the recoverable amount and is based on acceptable evidence available at the end of each reporting period and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include expected usage, ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the end of each reporting period. Possible changes in these estimates could result in revisions to the carrying amount of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

### Impairment of debt instruments at amortised cost and contract assets

An allowance for expected credit losses ("ECL") is made for doubtful debt instruments at amortised cost and contract assets resulting from the subsequent inability of the counterparties to make required payments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the assets. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next twelve months (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 (lifetime ECL). At the end of each reporting period, the carrying amount of debt instruments at amortised cost and contract assets approximates the fair value but the carrying amount might change materially within the next reporting period and these changes may arise from assumptions or other sources of estimation uncertainty at the end of the previous reporting period. The carrying amount of debt instruments at amortised cost at the end of the reporting year is disclosed in the notes on trade and other receivables and cash and cash equivalents, and the carrying amount of contract assets at the end of the reporting year is disclosed in the note on contract assets.

### Impairment of property, plant and equipment and right-of-use assets

An assessment is made at the end of each reporting period to determine whether there is any indication that property, plant and equipment and right-of-use assets may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the assets which are determined based on fair value less cost of disposal or value in use calculations. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require a material adjustment to the carrying amount of property, plant and equipment disclosed in the note on property, plant and equipment, and to the carrying amount of right-of-use assets disclosed in the note on right-of-use assets.

### Useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is revised where useful lives are different from previously estimated lives, or the carrying amounts impaired for technically obsolete items or assets that have been abandoned. The carrying amount of property, plant and equipment at the end of the reporting year is disclosed in the note on property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 3. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

### Impairment of intangible assets

An assessment is made at least annually to determine whether intangible assets have suffered any impairment loss. The assessment process is complex and highly judgemental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in evaluating the assumptions and methodologies used by management as disclosed in the note on intangible assets. Actual outcomes could vary from these estimates.

### Impairment of investments in subsidiaries, joint venture and associates

When a subsidiary, a joint venture or an associate is in net equity deficit and/or has suffered operating losses, the recoverable amount of the investee is estimated to assess whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require adjustments to the carrying amount of the investments in subsidiaries, joint venture and associates. The carrying amount of investments in subsidiaries, joint venture and associates at the end of the reporting year is disclosed in the notes on investments in subsidiaries, investment in joint venture and investments in associates respectively.

## 4. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

SFRS(I) 1-24 Related Party Disclosures requires the Group to disclose transactions with its related parties and relationships between parents and subsidiaries irrespective of whether there have been transactions between these related parties. A party is related to another party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

In these financial statements, related companies comprise subsidiaries, joint venture and associates within the Group and related parties comprise directors of the Company, key management personnel of the Group, entities in which directors of the Company have significant influence or control and entities in which the Company has equity interest.

There are transactions and arrangements between the Group and the related companies and related parties and the effects of these on the basis determined between the related companies and related parties are reflected in these financial statements.

Intragroup transactions and balances that have been eliminated in the consolidated financial statements are not disclosed as related company transactions and balances.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 4. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

In addition to the transactions disclosed elsewhere in the notes to the financial statements, significant related company and related party transactions include the following:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Joint venture</u>				
Sales	–	157	–	–
<u>Associates</u>				
Sales	2,064	232	–	–
Purchases	2,527	2,443	20	–
Corporate fee income	229	201	229	201
Rental income	65	75	65	75
<u>Related parties</u>				
Sales	95	17	–	–
Purchases	345	103	31	18
Corporate fee income	242	230	242	230
<u>Key management personnel compensation</u>				
			Group	
			2022	2021
			\$'000	\$'000
Salaries and other short-term employee benefits			8,241	6,583
Comprise amounts paid/payable to:				
– Directors of the Company			2,772	2,455
– Other key management personnel			5,469	4,128

Key management personnel are the directors and those persons having authority and responsibility over the activities of the Group. Key management personnel compensation is included under employee benefits expense.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 5. SEGMENT INFORMATION

Disclosure of information about the operating segments, products and services, geographical areas and major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

- (a) The Exhibitions, Thematic and Attractions segment relates to the production of exhibition displays for trade shows and promotional events, interiors and displays for museums and visitor centres and thematic and scenic displays for theme parks, as well as the development and operation of experiential and themed attractions.
- (b) The Retail and Corporate Interiors segment relates to the provision of interior fitting-out services to retail and commercial properties.
- (c) The Research and Design segment relates to design works for upmarket specialty stores, departmental stores, eateries, museums, visitors' centres, corporate offices, showrooms, trade shows, events, promotional functions and festivals.
- (d) The Alternative Marketing segment, renamed as the Experiential Marketing segment, relates to event management, branding consultancy services and custom publishing.
- (e) The Corporate and Others segment relates to Group-level corporate services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the chief operating decision makers based on operating profit or loss. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets and liabilities are not disclosed as they are not regularly provided to the chief operating decision makers.

The tables below illustrate the information about the reportable segment profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 5. SEGMENT INFORMATION (CONT'D)

Group	Exhibitions, Thematic and Attractions \$'000	Retail and Corporate Interiors \$'000	Research and Design \$'000	Experiential Marketing \$'000	Corporate and Others \$'000	Eliminations \$'000	Consolidated Financial Statements \$'000
<b>2022</b>							
<b>Revenue</b>							
External customers	141,572	164,441	14,602	7,743	–	–	328,358
Inter-segment (Note A)	5,303	5,535	–	384	–	(11,222)	–
Total revenue	146,875	169,976	14,602	8,127	–	(11,222)	328,358
<b>Results</b>							
Interest income	192	142	38	38	54	–	464
Interest expense	(223)	(445)	(13)	(7)	(323)	–	(1,011)
Amortisation of intangible assets	(112)	–	–	–	–	–	(112)
Amortisation of land use rights	–	(27)	–	–	(243)	–	(270)
Bad trade debts written off	–	(21)	–	–	–	–	(21)
Bad non-trade debt written off	(1,144)	–	–	–	–	–	(1,144)
Depreciation of investment property	–	(18)	–	–	–	–	(18)
Depreciation of property, plant and equipment	(1,311)	(1,044)	(276)	(83)	(446)	–	(3,160)
Depreciation of right-of-use assets	(678)	(1,235)	(308)	(16)	(3)	–	(2,240)
Gain on lease modifications	2,172	–	–	–	–	–	2,172
Impairment loss on investments in associates	–	–	–	–	(561)	–	(561)
Impairment loss on property, plant and equipment	(525)	–	–	–	–	–	(525)
Impairment loss on right-of- use asset	(461)	–	–	–	–	–	(461)
Net (impairment loss)/write- back of impairment loss on doubtful trade receivables	(228)	21	(20)	–	–	–	(227)
Net (loss)/gain on disposal of property, plant and equipment	–	(6)	–	(14)	1	–	(19)
Property, plant and equipment written off	(26)	(1)	–	–	(1)	–	(28)
Write-off of trade and other payables	143	216	–	1	–	–	360
Share of results of associates	(120)	984	1	–	–	–	865
Segment profit/(loss)	2,920	3,560	724	234	(1,720)	–	5,718

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 5. SEGMENT INFORMATION (CONT'D)

Group	Exhibitions, Thematic and Attractions \$'000	Retail and Corporate Interiors \$'000	Research and Design \$'000	Experiential Marketing \$'000	Corporate and Others \$'000	Eliminations \$'000	Consolidated Financial Statements \$'000
<b>2021</b>							
<b>Revenue</b>							
External customers	108,834	148,429	12,992	2,922	–	–	273,177
Inter-segment (Note A)	4,309	4,694	–	230	–	(9,233)	–
Total revenue	113,143	153,123	12,992	3,152	–	(9,233)	273,177
<b>Results</b>							
Interest income	103	110	12	16	27	–	268
Interest expense	(235)	(385)	(10)	(3)	(259)	–	(892)
Amortisation of intangible asset	(29)	–	–	–	–	–	(29)
Amortisation of land use rights	–	(28)	–	–	(243)	–	(271)
Bad trade debts written off	(25)	–	(21)	–	–	–	(46)
Depreciation of property, plant and equipment	(2,276)	(1,288)	(278)	(95)	(456)	–	(4,393)
Depreciation of right-of-use assets	(949)	(1,221)	(319)	(16)	(17)	–	(2,522)
Gain on disposal of assets classified as held for sale	1,558	–	–	–	–	–	1,558
Gain on disposal of right-of-use asset	–	–	–	–	13	–	13
Gain on lease modification	27	1	–	–	–	–	28
Impairment loss on property, plant and equipment	(446)	–	–	–	–	–	(446)
Impairment loss on right-of-use asset	(574)	–	–	–	–	–	(574)
Net (impairment loss)/write-back of impairment loss on doubtful trade receivables	(392)	(1,922)	4	–	–	–	(2,310)
Net loss on disposal of property, plant and equipment	(231)	–	–	–	–	–	(231)
Property, plant and equipment written off	(40)	(4)	–	(1)	(1)	–	(46)
Write-off of trade and other payables	1	6	15	113	–	–	135
Share of results of associates	(599)	(515)	(18)	–	–	–	(1,132)
Segment (loss)/profit	(746)	2,659	707	(90)	(1,481)	–	1,049

Note: Nature of eliminations to arrive at amounts reported in the consolidated financial statements is as follows:

- A. Inter-segment revenue are eliminated on consolidation.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 5. SEGMENT INFORMATION (CONT'D)

### *Geographical information*

Revenue by geographical location are based on the location of customers, except for site orders of booth accessories placed by customers for official trade shows, which are based on location of the shows.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Revenue by geographical location are as follows:		
South Asia *	212,382	152,183
North Asia **	97,094	106,309
Middle East	576	1,181
United States and Canada	13,695	11,536
Europe	3,691	917
Others	920	1,051
	<b>328,358</b>	<b>273,177</b>

\* Included revenue of \$140,956,000 (2021: \$104,452,000) for Singapore.

\*\* Included revenue of \$69,946,000 (2021: \$83,382,000) for People's Republic of China.

### *Information about major customers*

For the reporting years ended 31 December 2022 and 2021, the Group does not have revenue from transactions with a single customer that amounted to 10 per cent or more of the Group's revenue.

## 6. REVENUE

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Contract revenue	325,373	270,891
Sale of goods	2,634	2,107
Rental of equipment	351	179
	<b>328,358</b>	<b>273,177</b>

Majority of the revenue is recognised over time, and the balance, at a point in time.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 6. REVENUE (CONT'D)

Disaggregation of revenue by geographical location are based on the location of customers, except for site orders of booth accessories placed by customers for official trade shows, which are based on location of the shows.

Segments	Exhibitions, Thematic and Attractions		Retail and Corporate Interiors		Research and Design		Experiential Marketing		Total Revenue	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Geographical location</u>										
South Asia	111,783	62,354	84,386	78,472	8,470	8,435	7,743	2,922	212,382	152,183
North Asia	27,301	43,795	66,208	58,772	3,585	3,742	–	–	97,094	106,309
Middle East	120	244	367	859	89	78	–	–	576	1,181
United States and Canada	545	1,977	13,060	9,454	90	105	–	–	13,695	11,536
Europe	1,612	377	82	42	1,997	498	–	–	3,691	917
Others	211	87	338	830	371	134	–	–	920	1,051
	<u>141,572</u>	<u>108,834</u>	<u>164,441</u>	<u>148,429</u>	<u>14,602</u>	<u>12,992</u>	<u>7,743</u>	<u>2,922</u>	<u>328,358</u>	<u>273,177</u>

## 7. INTEREST INCOME

	Group	
	2022	2021
	\$'000	\$'000
Interest income from debt instruments at amortised cost		
– Short-term deposits and bank balances	446	248
– Others	18	20
	<u>464</u>	<u>268</u>

## 8. OTHER INCOME

	Group	
	2022	2021
	\$'000	\$'000
Corporate fee income	471	431
Gain on disposal of assets classified as held for sale	–	1,558
Gain on disposal of right-of-use asset	–	13
Gain on lease modifications	2,172	28
Grants, subsidies and rebates	660	4,994
Rental income	1,555	1,330
Write-back of impairment loss on doubtful trade receivables	686	147
Write-off of trade and other payables	360	135
Miscellaneous income	151	369
	<u>6,055</u>	<u>9,005</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2022	2021
	\$'000	\$'000
Salaries, wages and bonuses	48,700	41,948
Contributions to defined contribution plans	4,350	4,267
Provision for unutilised leave	172	506
Directors' fees	568	448
Other employee benefits	1,328	1,085
	55,118	48,254

## 10. OTHER EXPENSES

The major and other selected components of other expenses include the following:

	Group	
	2022	2021
	\$'000	\$'000
Amortisation of land use right	243	243
Audit fees		
– Auditors of the Company	227	200
– Other auditors	176	145
Bad trade debts written off	21	46
Bad non-trade debt written off	1,144	–
Depreciation of investment property	18	–
Depreciation of right-of-use assets	2,043	2,063
Impairment loss on investments in associates	561	–
Impairment loss on doubtful trade receivables	913	2,457
Impairment loss on property, plant and equipment	525	446
Impairment loss on right-of-use asset	461	574
Net foreign exchange loss	450	593
Net loss on disposal of property, plant and equipment	19	231
Property, plant and equipment written off	28	46
Selling and distribution expenses	716	595
Travelling and transport expenses	322	151
Upkeep and maintenance expenses	1,333	1,118
Utilities	556	505
	556	505

## 11. INTEREST EXPENSE

	Group	
	2022	2021
	\$'000	\$'000
Interest expense on financial liabilities carried at amortised cost		
– Trust receipts, bank overdrafts and bank loans	760	614
– Lease liabilities	251	278
	1,011	892

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 12. INCOME TAX EXPENSE

	Group	
	2022	2021
	\$'000	\$'000
<u>Current tax expense</u>		
Current year tax expense	2,582	1,736
Over provision in respect of prior year	(653)	(1,532)
	<u>1,929</u>	<u>204</u>
<u>Deferred tax (income)/expense</u>		
Deferred tax (income)/expense (Note 23)	(282)	987
	<u>(282)</u>	<u>987</u>
Income tax expense	<u>1,647</u>	<u>1,191</u>

A reconciliation between the income tax expense/(credit) and the product of profit/(loss) before tax multiplied by the applicable corporate tax rates for the reporting years ended 31 December 2022 and 2021 is as follows:

	Group	
	2022	2021
	\$'000	\$'000
Profit before tax	5,718	1,049
(Less)/add: Share of results of associates	(865)	1,132
	<u>4,853</u>	<u>2,181</u>
Tax at domestic tax rates applicable to profits/(losses) in the countries where the Group operates *	1,061	1,289
Expenses not deductible for tax purposes	1,419	2,331
Tax exemptions and reliefs granted	(82)	(66)
Income not subjected to tax	(475)	(1,134)
Deferred tax assets not recognised	377	303
Over provision in respect of prior year	(653)	(1,532)
Income tax expense	<u>1,647</u>	<u>1,191</u>

\* The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

## 13. EARNINGS PER SHARE

Basic earnings per share of the Group for the reporting year ended 31 December 2022 is calculated by dividing the Group's profit net of tax attributable to equity holders of the Company of \$4,637,000 (2021: \$1,004,000) by the weighted average number of ordinary shares outstanding during the reporting year of 201,948,299 (2021: 201,948,299).

The basic and diluted earnings per share of the Group are the same as there were no potential dilutive ordinary shares outstanding as at 31 December 2022 and 2021.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 14. LAND USE RIGHTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Cost</u>				
At 1 January	8,697	8,632	7,284	7,284
Foreign exchange adjustments	(121)	65	–	–
At 31 December	8,576	8,697	7,284	7,284
<u>Accumulated amortisation</u>				
At 1 January	1,579	1,306	1,518	1,275
Amortisation charge for the year	270	271	243	243
Foreign exchange adjustments	(7)	2	–	–
At 31 December	1,842	1,579	1,761	1,518
<u>Net carrying amount</u>				
At 31 December	6,734	7,118	5,523	5,766
Amount to be amortised				
– Not later than one year	269	271	243	243
– Later than one year and not later than five years	1,075	1,084	971	971
– Later than five years	5,390	5,763	4,309	4,552
	6,734	7,118	5,523	5,766

Amortisation expense is charged as follows:

	Group	
	2022 \$'000	2021 \$'000
Cost of sales	27	28
Other expenses	243	243
Total	270	271

The Group has land use right over a plot of land in Singapore where the Group's headquarters building reside. The net carrying amount of the land use right of \$5,523,000 (2021: \$5,766,000) is pledged as securities for certain banking facilities granted (Note 32). The Group also has land use right over a plot of vacant land in the People's Republic of China where the Group intends to construct office, production and storage facilities. The land use rights are not transferable and have remaining tenures of 23 and 47 (2021: 24 and 48) years for Singapore and the People's Republic of China respectively.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 15. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land \$'000	Buildings \$'000	Experiential and themed attractions \$'000	Machinery and equipment \$'000	Office equipment, computers and software \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Renovations \$'000	Total \$'000
<u>Cost</u>									
At 1 January 2021	6,043	30,233	6,236	16,392	6,706	1,156	811	9,622	77,199
Additions	-	-	-	93	429	106	14	30	672
Disposals/write-offs	-	-	-	(3,717)	(324)	(65)	(133)	(83)	(4,322)
Reclassified as investment property	(846)	(941)	-	-	-	-	-	-	(1,787)
Foreign exchange adjustments	(91)	(115)	-	26	51	24	5	43	(57)
At 31 December 2021	5,106	29,177	6,236	12,794	6,862	1,221	697	9,612	71,705
Additions	-	-	-	820	914	-	10	98	1,842
Disposals/write-offs	-	-	-	(1,987)	(831)	(102)	(22)	(626)	(3,568)
Foreign exchange adjustments	(305)	(397)	-	(180)	(124)	(66)	(25)	(275)	(1,372)
At 31 December 2022	4,801	28,780	6,236	11,447	6,821	1,053	660	8,809	68,607
<u>Accumulated depreciation and impairment</u>									
At 1 January 2021	-	2,917	3,628	12,998	5,456	860	530	4,621	31,010
Depreciation charge for the year	-	979	498	1,333	508	118	87	870	4,393
Disposals/write-offs	-	-	-	(2,699)	(309)	(59)	(130)	(73)	(3,270)
Impairment loss	-	-	424	22	-	-	-	-	446
Reclassified as investment property	-	(196)	-	-	-	-	-	-	(196)
Foreign exchange adjustments	-	(15)	-	13	43	20	2	38	101
At 31 December 2021	-	3,685	4,550	11,667	5,698	939	489	5,456	32,484
Depreciation charge for the year	-	955	324	408	523	101	44	805	3,160
Disposals/write-offs	-	-	-	(1,978)	(825)	(102)	(22)	(572)	(3,499)
Impairment loss	-	-	499	26	-	-	-	-	525
Foreign exchange adjustments	-	(59)	-	(135)	(106)	(54)	(21)	(232)	(607)
At 31 December 2022	-	4,581	5,373	9,988	5,290	884	490	5,457	32,063
<u>Net carrying amount</u>									
At 31 December 2021	5,106	25,492	1,686	1,127	1,164	282	208	4,156	39,221
At 31 December 2022	4,801	24,199	863	1,459	1,531	169	170	3,352	36,544

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Building \$'000	Office equipment, computers and software \$'000	Motor vehicle \$'000	Furniture and fittings \$'000	Renovations \$'000	Total \$'000
<u>Cost</u>						
At 1 January 2021	22,521	547	7	88	3,464	26,627
Additions	–	51	–	1	13	65
Disposals/write-offs	–	(7)	(7)	–	–	(14)
At 31 December 2021	22,521	591	–	89	3,477	26,678
Additions	–	54	–	1	73	128
Disposals/write-offs	–	(18)	–	–	–	(18)
At 31 December 2022	22,521	627	–	90	3,550	26,788
<u>Accumulated depreciation</u>						
At 1 January 2021	1,929	313	7	29	781	3,059
Depreciation charge for the year	827	86	–	12	349	1,274
Disposals/write-offs	–	(6)	(7)	–	–	(13)
At 31 December 2021	2,756	393	–	41	1,130	4,320
Depreciation charge for the year	827	76	–	13	352	1,268
Disposals/write-offs	–	(18)	–	–	–	(18)
At 31 December 2022	3,583	451	–	54	1,482	5,570
<u>Net carrying amount</u>						
At 31 December 2021	19,765	198	–	48	2,347	22,358
At 31 December 2022	18,938	176	–	36	2,068	21,218

Depreciation expense is charged as follows:

	Group	
	2022	2021
	\$'000	\$'000
Cost of sales	493	1,433
Other expenses	2,667	2,960
Total	3,160	4,393

During the reporting year ended 31 December 2022, the Group acquired property, plant and equipment with an aggregate fair value of \$1,842,000 (2021: \$672,000) by means of cash payments.

### *Assets reclassified as investment property*

In December 2021, the Group's 71% owned subsidiary, Kingsmen Projects Sdn Bhd, entered into a rental agreement for the lease of its property, comprising of freehold land and building with an aggregate net carrying amount of \$1,591,000, to a third party to earn rental income. Consequently, the freehold land and building were reclassified from property, plant and equipment to investment property as at the end of the reporting year as they were no longer held in use for business operations.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### *Impairment of assets*

An impairment loss of \$525,000 (2021: \$446,000) was recognised to write down the carrying amount of an experiential and themed attraction, and its related machinery and equipment under the experiential and themed attractions business to the recoverable amount as the operation was loss-making and the business outlook and projection have resulted in the recoverable amount being lower than the carrying amount. The recoverable amount was based on the value in use (Level 3) and the pre-tax discount rate used was 12.4% (2021: 14.2%) per annum.

### *Assets pledged as securities*

The Group's freehold land and buildings with an aggregate net carrying amount of \$4,801,000 (2021: \$5,106,000) and \$24,199,000 (2021: \$25,492,000) respectively are pledged as securities for certain banking facilities granted (Note 32).

## 16. INVESTMENT PROPERTY

<b>Group</b>	<b>Freehold land \$'000</b>	<b>Building \$'000</b>	<b>Total \$'000</b>
<u>Cost</u>			
At 1 January 2021	–	–	–
Reclassified from property, plant and equipment	846	941	1,787
At 31 December 2021	846	941	1,787
Foreign exchange adjustments	(50)	(56)	(106)
At 31 December 2022	796	885	1,681
<u>Accumulated depreciation</u>			
At 1 January 2021	–	–	–
Reclassified from property, plant and equipment	–	196	196
At 31 December 2021	–	196	196
Depreciation charge for the year	–	18	18
Foreign exchange adjustment	–	(12)	(12)
At 31 December 2022	–	202	202
<u>Net carrying amount</u>			
At 31 December 2021	846	745	1,591
At 31 December 2022	796	683	1,479

During the reporting year ended 31 December 2022, depreciation expense of \$18,000 (2021: \$Nil) was charged to other expenses.

In December 2021, the Group's 71% owned subsidiary, Kingsmen Projects Sdn Bhd, entered into a rental agreement for the lease of its property, comprising of freehold land and building with an aggregate net carrying amount of \$1,591,000, to a third party to earn rental income. Consequently, the freehold land and building were reclassified from property, plant and equipment to investment property as at the end of the reporting year as they were no longer held in use for business operations.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 16. INVESTMENT PROPERTY (CONT'D)

The fair value (Level 3) of the investment property was determined to be \$4,262,000 (2021: \$3,273,000) based on comparison with market evidence of recent transaction prices for similar properties.

The Group has no restrictions on the realisability of the investment property or the remittance of income and proceeds of disposal, and has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

### *Assets pledged as securities*

The investment property, comprising of freehold land and building with a net carrying amount of \$796,000 (2021: \$846,000) and \$683,000 (2021: \$745,000) respectively are pledged as securities for certain banking facilities granted (Note 32).

## 17. INTANGIBLE ASSETS

<b>Group</b>	<b>Goodwill</b> \$'000	<b>Customer relationships</b> \$'000	<b>Licences</b> \$'000	<b>Total</b> \$'000
<u>Cost</u>				
At 1 January 2021	8,099	2,157	2,300	12,556
Foreign exchange adjustments	66	24	47	137
At 31 December 2021	8,165	2,181	2,347	12,693
Foreign exchange adjustments	(39)	(14)	(15)	(68)
At 31 December 2022	8,126	2,167	2,332	12,625
<u>Accumulated amortisation and impairment</u>				
At 1 January 2021	2,940	2,157	2,034	7,131
Amortisation charge for the year	–	–	29	29
Foreign exchange adjustments	–	24	42	66
At 31 December 2021	2,940	2,181	2,105	7,226
Amortisation charge for the year	–	–	112	112
Foreign exchange adjustments	–	(14)	(16)	(30)
At 31 December 2022	2,940	2,167	2,201	7,308
<u>Net carrying amount</u>				
At 31 December 2021	5,225	–	242	5,467
At 31 December 2022	5,186	–	131	5,317

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 17. INTANGIBLE ASSETS (CONT'D)

During the reporting year ended 31 December 2022, amortisation expense of \$112,000 (2021: \$29,000) was charged to cost of sales.

The goodwill arose from the acquisition of Kingsmen (North Asia) Limited and Kingsmen Indochina Pte Ltd in 2007 and the accounting of Kingsmen Middle East LLC as a subsidiary with effect from 2014. Pursuant to an internal restructuring exercise under common control in October 2022, the goodwill attributable to Kingsmen Indochina Pte Ltd was reassigned as attributable to Kingsmen Vietnam Co., Ltd.

The customer relationships were recognised upon the acquisition of Kingsmen (North Asia) Limited in 2007 and the accounting of Kingsmen Middle East LLC as a subsidiary with effect from 2014 and are amortised over a period of 5 years and 6 years respectively.

The licences arose from the acquisition of the rights by Kingsmen Xperience, Inc. for its experiential and themed attractions business and are amortised over a period of between 12 to 84 (2021: 19 to 84) months.

Goodwill, customer relationships and licences are allocated to cash-generating units for the purpose of impairment testing. The goodwill that arose from the accounting of Kingsmen Middle East LLC as a subsidiary with effect from 2014 was not tested for impairment at the end of the reporting year as it has been fully impaired. The customer relationships were not tested for impairment at the end of the reporting year as the carrying amounts were fully amortised. Each of those cash-generating units represents the respective subsidiaries as follows:

	Group	
	2022 \$'000	2021 \$'000
<u>Name of subsidiary</u>		
– Kingsmen (North Asia) Limited	4,497	4,536
– Kingsmen Indochina Pte Ltd	–	689
– Kingsmen Vietnam Co., Ltd	689	–
– Kingsmen Xperience, Inc.	131	242
Net carrying amount at end of the year	5,317	5,467

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 17. INTANGIBLE ASSETS (CONT'D)

To assess the impairment at the end of the reporting year, the Group estimated the value in use (Level 3) of the respective subsidiaries, being the lowest cash-generating unit to which the goodwill and licences are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each subsidiary, based on the financial budgets approved by management covering a three-year period. The calculations of value in use for the subsidiaries are most sensitive to the following assumptions:

- Budgeted gross margins are estimated based on values achieved in the past years or values expected to be achieved. These are generally adjusted over the budget period for anticipated changes in performance.
- The pre-tax discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the three-year period were between 8.1% to 10.4% (2021: 8.2% to 12.9%) and 1.9% to 6.8% (2021: 1.7% to 7.0%) per annum respectively. The discount rates reflect management's estimate of the risks specific to the subsidiaries and approximate the weighted average cost of capital for the subsidiaries. The growth rates used are based on management's best estimate of the long-term average growth rate relevant to the business activities of the subsidiaries.

Management believes that any reasonably possible change in the key assumptions on which each subsidiary recoverable amount is based on would not cause the carrying amount to exceed its recoverable amount. The quantitative information about the value in use measurement using significant unobservable inputs for each subsidiary are consistent with those used for the measurement last performed.

No impairment loss (2021: \$Nil) was recognised for the reporting year ended 31 December 2022 as the values in use are in excess of or approximate the carrying amounts.

## 18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	\$'000	\$'000
<u>Unquoted equity shares</u>		
Balance at beginning of the year	35,286	35,286
Addition	1,628	–
Reduction	(100)	–
Written off	(2,975)	–
Balance at end of the year	33,839	35,286
Accumulated impairment loss	(6,637)	(6,637)
Carrying amount of investments	<u>27,202</u>	<u>28,649</u>

Pursuant to an internal restructuring exercise under common control in October 2022, the Company acquired from Kingsmen Indochina Pte Ltd, a wholly-owned subsidiary of the Company, 100% of the equity interest of Kingsmen Vietnam Co., Ltd, which was a wholly-owned subsidiary of Kingsmen Indochina Pte Ltd, for a consideration of \$1,628,000. Thereafter, in December 2022, the Company reduced its investment in Kingsmen Indochina Pte Ltd by \$100,000 pursuant to a capital reduction exercise undertaken by Kingsmen Indochina Pte Ltd, and the balance of its investment of \$2,975,000 was written off as Kingsmen Indochina Pte Ltd was in the process of being struck off.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The listing of and information on the subsidiaries are given below:

Name of subsidiary Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2022	2021
	%	%
<u>Held by the Company</u>		
Kingsmen Exhibits Pte Ltd Singapore Advertising contractors and agents and design and production of exhibitions, decorations and museums (RSM Chio Lim LLP)	100.00	100.00
Kingsmen Projects Pte Ltd Singapore Design and production of architectural interiors, decorations and museums (RSM Chio Lim LLP)	100.00	100.00
Kingsmen Design Pte Ltd Singapore Design consultancy and planning management (RSM Chio Lim LLP)	100.00	100.00
Kingsmen Ooh-media Pte Ltd Singapore Advertising services, exhibitions organiser, consultancy event management and marketing communications (RSM Chio Lim LLP)	70.00	70.00
Hi-Light Electrical Pte Ltd Singapore Electrical engineering (RSM Chio Lim LLP)	80.00	80.00
Kingsmen Indochina Pte Ltd <sup>(a)</sup> Singapore Investment holding (RSM Chio Lim LLP)	100.00	100.00
Thinkfarm Pte Ltd Singapore Custom publishing, media sales and events marketing (RSM Chio Lim LLP)	70.00	70.00
Kingsmen Ventures Pte Ltd Singapore Investment holding (RSM Chio Lim LLP)	100.00	100.00

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2022	2021
	%	%
<u>Held by the Company (cont'd)</u>		
Kingsmen Sdn Bhd Malaysia Investment holding and advertising contractors (RSM Malaysia)	71.00	71.00
Kingsmen (North Asia) Limited Hong Kong Investment holding and provision of corporate marketing and other related services (RSM Hong Kong)	100.00	100.00
PT Kingsmen Indonesia Indonesia Design and production of interiors, exhibitions, decorations and museums (Arman Eddy Ferdinand & Rekan)	95.00	95.00
Kingsmen Vietnam Co., Ltd <sup>(b)</sup> Vietnam Design and production of interiors, exhibitions, decorations and museums (PwC (Vietnam) Limited)	100.00	–
Kingsmen Middle East LLC <sup>(c)</sup> United Arab Emirates Design and production of interiors, exhibitions, decorations and museums (Abdulla Al Marzooqi Chartered Accountants)	55.51	55.51
<u>Held through Kingsmen Exhibits Pte Ltd</u>		
Kingsmen Environmental Graphics Pte Ltd <sup>(d)</sup> Singapore Graphic design and production (RSM Chio Lim LLP)	–	100.00
<u>Held through Kingsmen Projects Pte Ltd</u>		
K-Fix Holdings Pte Ltd Singapore Investment holding (RSM Chio Lim LLP)	100.00	100.00
K-Fix Production Sdn Bhd Malaysia Manufacturer, wholesaler and trader of interior and exhibition furniture, fixtures and displays (CH & Associates)	100.00	100.00

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2022	2021
	%	%
<u>Held through Kingsmen Projects Pte Ltd (cont'd)</u> K-Fix (Kunshan) Co Ltd. <sup>(e)</sup> People's Republic of China Manufacturer, wholesaler and trader of interior and exhibition furniture, fixtures and displays (Suzhou Huaming United Certified Public Accountants)	100.00	100.00
Kingsmen Projects US United States of America Design and production of architectural interiors and decorations (Not required to be audited by the law of its country of incorporation)	70.00	70.00
<u>Held through K-Fix Holdings Pte Ltd</u> K-Fix (Nantong) Co Ltd. People's Republic of China Manufacturer, wholesaler and trader of interior and exhibition furniture, fixtures and displays (Suzhou Huaming United Certified Public Accountants)	100.00	100.00
<u>Held through Kingsmen Ooh-media Pte Ltd</u> I-Promo Pte Ltd Singapore Design consultancy, projects and events management and provision of special design and construction facilities to exhibitors (RSM Chio Lim LLP)	70.00	70.00
<u>Held through Kingsmen Indochina Pte Ltd</u> Kingsmen Vietnam Co., Ltd <sup>(b)</sup> Vietnam Design and production of interiors, exhibitions, decorations and museums (PwC (Vietnam) Limited)	–	100.00
<u>Held through Kingsmen Ventures Pte Ltd</u> NAX Company Pte Ltd Singapore Investment holding and management consultancy services (RSM Chio Lim LLP)	100.00	100.00
Kingsmen Xperience, Inc. United States of America Development, ownership and marketing of intellectual property for experiential and themed attractions (Not required to be audited by the law of its country of incorporation)	80.00	80.00

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2022	2021
	%	%
<u>Held through NAX Company Pte Ltd</u> NAX Singapore Pte Ltd Singapore Development, ownership and marketing of intellectual property for experiential and themed attractions (RSM Chio Lim LLP)	100.00	100.00
<u>Held through Kingsmen Xperience, Inc.</u> NAX USA, LLC United States of America Development, ownership and marketing of intellectual property for experiential and themed attractions (Not required to be audited by the law of its country of incorporation)	80.00	80.00
Planet Play USA, LLC United States of America Development, ownership and marketing of intellectual property for experiential and themed attractions (Not required to be audited by the law of its country of incorporation)	80.00	80.00
CrayArt USA, LLC United States of America Development, ownership and marketing of intellectual property for experiential and themed attractions (Not required to be audited by the law of its country of incorporation)	80.00	–
<u>Held through Kingsmen Sdn Bhd</u> Kingsmen Projects Sdn Bhd Malaysia Design and production of interiors, exhibitions, decorations and museums (RSM Malaysia)	71.00	71.00
Kingsmen Exhibits Sdn Bhd Malaysia Design and production of interiors, exhibitions, decorations and museums (RSM Malaysia)	71.00	71.00

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2022	2021
	%	%
<u>Held through Kingsmen (North Asia) Limited</u>		
Kingsmen Hong Kong Limited	96.00	96.00
Hong Kong		
Design and production of interiors, exhibitions, decorations and museums (RSM Hong Kong)		
Kingsmen Beijing Co., Limited <sup>(f)</sup>	100.00	100.00
People's Republic of China		
Design and production of interiors, exhibitions, decorations and museums (Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd)		
Kingsmen Shanghai Co., Limited <sup>(f)</sup>	100.00	100.00
People's Republic of China		
Design and production of interiors, exhibitions, decorations and museums (Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd)		
Kingsmen Taiwan International Co. Limited <sup>(f)</sup>	100.00	100.00
Taiwan		
Design and production of interiors, exhibitions, decorations and museums (Ecovis Taiwan)		
Kingsmen Macau Limited <sup>(f)</sup>	100.00	100.00
Macau		
Design and production of interiors, exhibitions, decorations and museums (Not required to be audited by the law of its country of incorporation)		
<u>Held through Kingsmen Hong Kong Limited</u>		
Kingsmen (Shenzhen) Co Ltd. <sup>(f)</sup>	96.00	96.00
People's Republic of China		
Design and production of interiors, exhibitions, decorations and museums (Shenzhen Tongde Certified Public Accountants)		



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) In process of being struck off.
- (b) Pursuant to an internal restructuring exercise under common control in October 2022, the Company acquired 100% of the equity interest of Kingsmen Vietnam Co., Ltd from Kingsmen Indochina Pte Ltd. There was no change in the Group's effective equity interest in Kingsmen Vietnam Co., Ltd resulting from this acquisition.
- (c) Kingsmen Middle East LLC was accounted for as a 55.51% subsidiary of the Group with effect from 1 January 2014. Although the Group does not own more than half of the voting power of Kingsmen Middle East LLC, it is able to govern the financial and operating policies of the company by virtue of agreements with other shareholders of the company. The nature of these agreements results in the Group having the power over Kingsmen Middle East LLC's variable returns. Prior to this, Kingsmen Middle East LLC was accounted for as a 25% associate of the Group.
- (d) Struck off in February 2022.
- (e) The Group holds an effective equity interest of 100% (2021: 100%) in K-Fix (Kunshan) Co Ltd., of which 70% (2021: 70%) is held through Kingsmen Projects Pte Ltd and 30% (2021: 30%) is held through Kingsmen (North Asia) Limited.
- (f) For the purposes of the preparation of the Group's financial statements to comply with SFRS(I), these subsidiaries are audited by RSM Hong Kong.

There are no subsidiaries that have non-controlling interests that are considered material to the Group.

## 19. INVESTMENT IN JOINT VENTURE

	Group	
	2022 \$'000	2021 \$'000
<u>Unquoted equity shares, at cost</u>		
Balance at beginning and end of the year	246	246
<u>Share of post acquisition reserves</u>		
Balance at beginning of the year	(269)	(269)
Share of result for the year	-	-
Balance at end of the year	(269)	(269)
Foreign exchange adjustments	23	23
Carrying amount of investment	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 19. INVESTMENT IN JOINT VENTURE (CONT'D)

The listing of and information on the joint venture are given below:

Name of joint venture Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2022	2021
	%	%
Held through Kingsmen Exhibits Pte Ltd Kingsmen-Nassal Kabushiki Kaisha Japan Design, manufacture and build of themed attractions and lifestyle parks (Not required to be audited by the law of its country of incorporation)	50.00	50.00

The summarised unaudited financial information of the joint venture, which is non-material, and the aggregated amounts (and not the Group's share of those amounts) based on the financial statements of the joint venture are as follows:

	2022	2021
	\$'000	\$'000
Current assets	589	4,572
Non-current assets	–	11
Current liabilities	648	5,861
Non-current liabilities	–	–
Revenue	–	3,915
Profit/(loss) for the reporting year	1,219	(142)

The Group has not recognised losses relating to the joint venture where its share of losses exceeds the Group's interest in the joint venture as the Group does not have any obligations in respect of these losses. As at 31 December 2022, the Group's cumulative share of the unrecognised losses was \$29,000 (2021: \$639,000).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 20. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Unquoted equity shares, at cost</u>				
Balance at beginning and end of the year	3,537	3,537	3,430	3,430
Impairment loss	(561)	–	(928)	–
<u>Share of post acquisition reserves</u>				
Balance at beginning of the year	(3)	1,129	–	–
Share of profit/(loss) for the year	865	(1,132)	–	–
Balance at end of the year	862	(3)	–	–
Foreign exchange adjustments	(416)	(277)	–	–
Carrying amount of investments	3,422	3,257	2,502	3,430

The listing of and information on the associates are given below:

Name of associate Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2022	2021
	%	%
<u>Held by the Company</u>		
Ascend Com Pte. Ltd. Singapore Renting and selling audio-visual, computer and peripheral equipment (Plus LLP)	40.00	40.00
Kingsmen Korea Limited Korea Design and production of architectural interiors, decorations and museums (SEOU Accounting Corporation)	24.46	24.46
Kingsmen Nikko Limited Japan Advertising contractors and agents and design and production of exhibitions, decorations and museums (Not required to be audited by the law of its country of incorporation)	33.33	33.33
Enterprise Sports Group Pte Ltd Singapore Sports event marketing, public relations and organising (Fong S F & Associates)	30.00	30.00

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 20. INVESTMENTS IN ASSOCIATES (CONT'D)

Name of associate Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2022	2021
	%	%
<u>Held through Ascend Com Pte. Ltd.</u> White Label Studio Pte Ltd Singapore Digital interactive, experiential and immersive media, virtual and augmented reality, web application development and motion graphics/video production (Plus LLP)	32.00	32.00
Crescendo Media Pte Ltd Singapore Media production and event planning (Plus LLP)	16.00	16.00
Ascend Com Sdn Bhd Malaysia Provision of information technology products and services (L & Co. PLT)	16.00	16.00
<u>Held through Kingsmen Korea Limited</u> Kingsmen E&E Limited Korea Design and production of architectural interiors and decorations for museums and commercial interiors and alternative marketing (SEO Accounting Corporation)	22.01	22.01
<u>Held through Kingsmen Nikko Limited</u> Kingsmen Projects Japan Limited <sup>(a)</sup> Japan Advertising contractors and agents and design and production of exhibitions, decorations and museums (Not required to be audited by the law of its country of incorporation)	–	26.67
<u>Held through Kingsmen Projects Japan Limited</u> Kingsmen Architects and Design Limited <sup>(a)</sup> Japan Design consultancy and planning management (Not required to be audited by the law of its country of incorporation)	–	26.67

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 20. INVESTMENTS IN ASSOCIATES (CONT'D)

Name of associate Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2022	2021
	%	%
<u>Held through Enterprise Sports Group Pte Ltd</u> Little Swim School Pte Ltd Singapore Private and public sports coaching and sale of sporting products (Fong S F & Associates)	28.50	28.50
<u>Held through Kingsmen Sdn Bhd</u> KEG Sdn Bhd Malaysia Design and production of interiors, exhibitions, decorations and museums (Moore Stephens Associates PLT)	28.40	28.40
<u>Held through KEG Sdn Bhd</u> KEG Production Sdn Bhd Malaysia Manufacturer, wholesaler and trader of interior and exhibition furniture, fixtures and displays (Moore Stephens Associates PLT)	17.04	17.04
(a) Pursuant to Kingsmen Nikko Limited's disposal of an 80% equity interest in Kingsmen Projects Japan Limited in December 2022, the Group's effective equity interest in Kingsmen Projects Japan Limited decreased to Nil% (2021: 26.67%). Correspondingly, the Group's effective equity interest in Kingsmen Architects and Design Limited, a wholly-owned subsidiary of Kingsmen Projects Japan Limited decreased to Nil% (2021: 26.67%).		

The summarised unaudited financial information of all the associates, which are individually non-material, and the aggregated amounts (and not the Group's share of those amounts) based on the financial statements of the associates are as follows:

	2022 \$'000	2021 \$'000
Current assets	25,104	24,855
Non-current assets	3,886	4,815
Current liabilities	16,137	15,497
Non-current liabilities	3,747	6,930
Revenue	40,333	32,013
Profit/(loss) for the reporting year	2,377	(3,794)

The Group has not recognised losses relating to associates where its share of losses exceeds the Group's interest in the associates as the Group does not have any obligations in respect of these losses. As at 31 December 2022, the Group's cumulative share of the unrecognised losses was \$690,000 (2021: \$467,000).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 21. OTHER INVESTMENTS

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Equity instruments at fair value through other comprehensive income		
– Quoted equity shares and warrants	1,783	3,205
– Unquoted equity shares	38	38
	<u>1,821</u>	<u>3,243</u>

During the reporting year ended 31 December 2022, the Company fully disposed of the investment in quoted warrants, amounting to \$284,000. Consequently, the net carrying amount of the Group's investment in quoted equity shares and warrants decreased from \$3,205,000 to \$2,921,000. The fair value (Level 1) of the Group's investment in quoted equity shares and warrants was determined to be \$1,783,000 (2021: \$3,205,000) based on the quoted market price(s) at the end of the reporting year. Hence, the Group recognised a change in fair value of \$1,138,000 (2021: \$2,120,000) in other comprehensive income for the reporting year ended 31 December 2022.

Fair value information has not been disclosed for the Group's investment in unquoted equity shares that is carried at cost because the fair value (Level 3), which is not expected to be material to the Group, cannot be measured reliably. The carrying amount of the investment of \$38,000 (2021: \$38,000) is not material to the Group and the Group does not intend to dispose of this investment in the foreseeable future.

## 22. RIGHT-OF-USE ASSETS

The Group has entered into lease agreements, in which it is the lessee, for production, office, retail, storage and dormitory facilities ("Premises"), office equipment and motor vehicle. These leases, of which some are cancellable, have lease terms of between 12 to 81 (2021: 11 to 84) months. Some of these leases have renewal options, escalation clauses and/or purchase options included in the contracts and provide for contingent rent based on a percentage of revenue in excess of the base rent. There are no restrictions placed upon the Group by entering into these leases.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 22. RIGHT-OF-USE ASSETS (CONT'D)

The carrying amounts of the right-of-use assets recognised and the movements during the reporting year are as follows:

Group	Premises \$'000	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
<u>Cost</u>				
At 1 January 2021	11,913	306	150	12,369
Additions	1,466	38	–	1,504
Derecognition	(1,708)	(26)	–	(1,734)
Disposal	–	–	(100)	(100)
Modification	(95)	–	–	(95)
Foreign exchange adjustments	79	(1)	1	79
At 31 December 2021	11,655	317	51	12,023
Additions	2,582	45	–	2,627
Derecognition	(2,677)	(3)	–	(2,680)
Modifications	(245)	(32)	–	(277)
Foreign exchange adjustments	(86)	(1)	(1)	(88)
At 31 December 2022	11,229	326	50	11,605
<u>Accumulated depreciation and impairment</u>				
At 1 January 2021	7,549	134	60	7,743
Depreciation charge for the year	2,434	68	20	2,522
Derecognition	(1,708)	(26)	–	(1,734)
Disposal	–	–	(58)	(58)
Impairment loss	574	–	–	574
Modification	(28)	–	–	(28)
Foreign exchange adjustments	42	1	(1)	42
At 31 December 2021	8,863	177	21	9,061
Depreciation charge for the year	2,167	66	7	2,240
Derecognition	(2,677)	(3)	–	(2,680)
Impairment loss	461	–	–	461
Modifications	(14)	(26)	–	(40)
Foreign exchange adjustments	(74)	(1)	(1)	(76)
At 31 December 2022	8,726	213	27	8,966
<u>Net carrying amount</u>				
At 31 December 2021	2,792	140	30	2,962
At 31 December 2022	2,503	113	23	2,639

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 22. RIGHT-OF-USE ASSETS (CONT'D)

<u>Company</u>	<b>Office equipment</b> \$'000
<u>Cost</u>	
At 1 January 2021	10
Addition	12
Derecognition	(10)
At 31 December 2021 and 31 December 2022	<u>12</u>
<u>Accumulated depreciation</u>	
At 1 January 2021	9
Depreciation charge for the year	3
Derecognition	(10)
At 31 December 2021	<u>2</u>
Depreciation charge for the year	2
At 31 December 2022	<u>4</u>
<u>Net carrying amount</u>	
At 31 December 2021	<u>10</u>
At 31 December 2022	<u>8</u>

Depreciation expense is charged as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Cost of sales	197	459
Other expenses	2,043	2,063
Total	<u>2,240</u>	<u>2,522</u>

### *Impairment of asset*

An impairment loss of \$461,000 (2021: \$574,000) was recognised to write down the carrying amount of a right-of-use asset, which pertains to the lease of retail premises for the operation of the experiential and themed attraction business, to its recoverable amount as the operation was loss-making and the business outlook and projection have resulted in the recoverable amount being lower than the carrying amount. The recoverable amount was based on the value in use (Level 3) and the pre-tax discount rate used was 12.4% (2021: 14.2%) per annum.

### *Asset pledged as security*

As at 31 December 2021, the Group had a motor vehicle with a net carrying amount of \$30,000 which was pledged as security for a lease agreement entered into. The Group's obligation to the lease payments was fully discharged during the reporting year ended 31 December 2022 (Note 32).



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 23. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

Group	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss and Other Comprehensive Income	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Deferred tax assets</u>				
Differences in depreciation for tax purposes	(54)	(58)	4	(43)
Provisions	415	457	(42)	203
Unutilised tax losses	2,145	1,806	339	(1,391)
Others	216	237	(21)	27
	<u>2,722</u>	<u>2,442</u>		
<u>Deferred tax liabilities</u>				
Differences in depreciation for tax purposes	(201)	(136)	(65)	274
Provisions	133	25	108	(11)
Others	(222)	(167)	(55)	(14)
	<u>(290)</u>	<u>(278)</u>		
Foreign exchange adjustments			14	(32)
Deferred tax income/(expense) (Note 12)			<u>282</u>	<u>(987)</u>
			Statement of Financial Position	
			2022 \$'000	2021 \$'000
<u>Company</u>				
<u>Deferred tax liabilities</u>				
Differences in depreciation for tax purposes			(92)	(90)
Provisions			11	9
			<u>(81)</u>	<u>(81)</u>

### *Unabsorbed tax losses and unutilised capital allowances*

As at 31 December 2022, the Group has unabsorbed tax losses and unutilised capital allowances totalling \$6,156,000 (2021: \$4,727,000) available for offset against future taxable profits of certain subsidiaries in which the tax losses and capital allowances arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. These unabsorbed tax losses and unutilised capital allowances are available for offset against future taxable profits for an unlimited future period except for amounts of \$762,000, \$843,000, \$505,000, \$558,000 and \$1,255,000 (2021: \$847,000, \$972,000, \$562,000 and \$699,000) which expire in the reporting years ending 31 December 2025 to 2029 (2021: 31 December 2025 to 2028) respectively. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in which the subsidiaries operate.

### *Unrecognised temporary differences relating to investments in subsidiaries*

Deferred tax liabilities of \$1,965,000 (2021: \$1,891,000) have not been recognised for taxes that would be payable on the distribution of the undistributed earnings of certain subsidiaries for the reporting year ended 31 December 2022 as the Group has determined that the undistributed earnings of these subsidiaries will not be distributed in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 24. INVENTORIES

	Group	
	2022	2021
	\$'000	\$'000
Merchandises	491	462
Project materials	873	1,179
	1,364	1,641

Merchandises and project materials recognised as cost of sales during the reporting year amounted to \$948,000 (2021: \$989,000).

## 25. CONTRACT ASSETS AND CONTRACT LIABILITIES

Information about contract assets and contract liabilities from contracts with customers is as follows:

	Group	
	2022	2021
	\$'000	\$'000
Contract assets	37,394	24,651
Contract liabilities	6,264	6,329

Contract assets primarily relate to the Group's right to consideration for project works completed but not yet billed at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional.

Contract liabilities primarily relate to advance consideration received from customers and progress billings issued in excess of the Group's right to consideration. Contract liabilities are recognised as revenue as the Group performs under the contracts.

Significant changes in contract assets and contract liabilities during the reporting year are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Contract assets reclassified to trade receivables	19,143	20,666
Revenue recognised that was included in contract liabilities balance at beginning of the year	6,160	4,572

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 25. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D)

The aggregate amount of the transaction price allocated to the unsatisfied performance obligations as of 31 December 2022 is \$61,237,000 (2021: \$56,227,000), of which 88% (2021: 80%) amounting to \$53,961,000 (2021: \$44,870,000) may be recognised as revenue during the next reporting year ending 31 December 2023 (2021: 31 December 2022). Of the remaining 12% (2021: 20%), \$6,257,000 (2021: \$7,632,000) and \$1,019,000 (2021: \$3,725,000) may be recognised as revenue during the reporting years ending 31 December 2024 and 2025 (2021: 31 December 2023 and 2024) respectively. The amounts disclosed do not include the following:

- (a) Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
- the performance obligation is part of a contract that has an original expected duration of one year or less; or
  - the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.
- (b) Variable consideration that is constrained and therefore is not included in the transaction price.

## 26. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Trade receivables</u>				
Non-related parties	84,257	69,165	18	–
Subsidiaries	–	–	1,213	1,093
Associates	1,607	889	70	148
Related parties	299	209	187	192
	86,163	70,263	1,488	1,433
Less: Impairment loss	(6,689)	(6,935)	(774)	(774)
Sub-total	79,474	63,328	714	659
<u>Other receivables</u>				
Other receivables	2,580	4,311	253	97
Subsidiaries	–	–	16,563	13,179
Loan receivable from subsidiaries	–	–	5,061	3,075
Loan receivable from joint venture	–	917	–	–
Associates	13	21	13	21
Loan receivable from associates	1,730	2,113	–	–
Staff advances and loans	628	753	3	6
Deposits	3,197	2,857	97	33
	8,148	10,972	21,990	16,411
Less: Impairment loss	–	–	(17,994)	(15,694)
Sub-total	8,148	10,972	3,996	717
Total	87,622	74,300	4,710	1,376

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 26. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in impairment loss on doubtful trade receivables during the reporting year are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At beginning of the year	6,935	6,442	774	772
Impairment loss for the year	913	2,457	–	–
Write-back of impairment loss	(686)	(147)	–	–
Write-off against impairment loss	(270)	(1,902)	–	–
Foreign exchange adjustments	(203)	85	–	2
At end of the year	<u>6,689</u>	<u>6,935</u>	<u>774</u>	<u>774</u>

Movements in impairment loss on doubtful other receivables during the reporting year are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At beginning of the year	–	–	15,694	7,809
Impairment loss for the year	–	–	2,325	7,836
Foreign exchange adjustments	–	–	(25)	49
At end of the year	<u>–</u>	<u>–</u>	<u>17,994</u>	<u>15,694</u>

Except for an amount of \$2,150,000 (2021: \$150,000) under loan receivable from subsidiaries and an amount of \$326,000 (2021: \$381,000) under staff loans, the remaining trade and other receivables are unsecured, non-interest bearing, repayable within the next twelve months and to be settled in cash. The amount of \$2,150,000 (2021: \$150,000) under loan receivable from subsidiaries and the amount of \$326,000 (2021: \$381,000) under staff loans are unsecured, bear interest at 6.00% (2021: 6.00%) and 4.50% (2021: 4.50%) per annum respectively, repayable within the next twelve months and to be settled in cash.

## 27. OTHER ASSETS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Income tax recoverable	158	79	–	–
Prepayments	3,416	2,904	80	17
	<u>3,574</u>	<u>2,983</u>	<u>80</u>	<u>17</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at banks and in hand	47,698	54,485	1,375	1,110
Short-term deposits	28,609	27,049	4,952	6,255
Cash and cash equivalents in statement of financial position	76,307	81,534	6,327	7,365
Bank overdrafts	(294)	(237)	–	–
Deposits pledged for bank facilities	(874)	(908)	–	–
Cash and cash equivalents for statement of cash flows	75,139	80,389	6,327	7,365

Certain bank balances earn interest at rates based on daily bank deposit rates. Short-term deposits are placed for varying periods from one month to one year (2021: one month to one year) depending on the immediate cash requirements of the Group. The short-term deposits bear interest of 0.10% to 4.29% (2021: 0.10% to 3.40%) and 0.10% to 3.65% (2021: 0.10% to 0.50%) per annum for the Group and the Company respectively during the reporting year.

Short-term deposits of \$874,000 (2021: \$908,000) of the Group are pledged as securities for certain banking facilities granted (Note 32).

## 29. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of ordinary shares issued	Share capital \$'000	Number of ordinary shares issued	Share capital \$'000
At beginning and end of the year	201,948,299	29,191	201,948,299	29,191

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

### Capital management

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risks taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 29. SHARE CAPITAL (CONT'D)

### Capital management (cont'd)

In order to maintain its listing on the Singapore Exchange Securities Trading Limited, the Company has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and continues to satisfy that requirement, as it did throughout the reporting year. Management receives regular reports from the share registrar providing information on the non-free float to ensure continuing compliance with the 10% limit.

The management does not set a target level of gearing but uses capital appropriately to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

## 30. OTHER RESERVES

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Fair value reserve	(3,119)	(1,697)	(3,119)	(1,697)
Foreign currency translation reserve	(3,821)	(568)	–	–
Statutory reserve fund	2,611	2,424	–	–
Gain on reissuance of treasury shares	1,886	1,886	1,886	1,886
Premium paid on acquisition of non-controlling interests	(4,316)	(4,352)	–	–
	(6,759)	(2,307)	(1,233)	189

### Fair value reserve

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	(1,697)	(3,817)	(1,697)	(3,817)
Transfer to retained earnings upon disposal of equity instrument at fair value through other comprehensive income	(284)	–	(284)	–
Change in fair value of equity instruments at fair value through other comprehensive income	(1,138)	2,120	(1,138)	2,120
At end of the year	(3,119)	(1,697)	(3,119)	(1,697)

Fair value reserve represents the cumulative fair value changes of financial assets at fair value through other comprehensive income until the assets are derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 30. OTHER RESERVES (CONT'D)

### Foreign currency translation reserve

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	(568)	(1,934)	–	–
Exchange differences on translating foreign operations	(3,253)	1,366	–	–
At end of the year	(3,821)	(568)	–	–

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### Statutory reserve fund

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	2,424	1,783	–	–
Appropriation from retained earnings	187	641	–	–
At end of the year	2,611	2,424	–	–

In accordance with the applicable legislation in the countries where the Group's subsidiaries operate, certain subsidiaries are required to make appropriations to the Statutory Reserve Fund (the "SRF"). Under the applicable legislation, 10% of the statutory after tax profits as determined in accordance with the applicable accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's paid-up capital. Subject to approval from the relevant authorities, the SRF may be used to offset any accumulated losses or increase the paid-up capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

### Gain on reissuance of treasury shares

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
At beginning and end of the year	1,886	1,886	1,886	1,886

The Company reissued treasury shares pursuant to its performance share scheme at an average fair value per treasury share. The excess of the average fair value per treasury share over the weighted average cost per treasury share was recognised in this reserve. This reserve is not available for dividend distribution to shareholders.

### Premium paid on acquisition of non-controlling interests

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	(4,352)	(4,352)	–	–
Realisation upon struck off of a subsidiary	36	–	–	–
At end of the year	(4,316)	(4,352)	–	–

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 31. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current</b>				
<u>Trade payables</u>				
Non-related parties	71,942	67,580	–	–
Associates	897	660	–	–
Related parties	115	43	–	–
Accrued project costs	24,526	7,152	–	–
Sub-total	97,480	75,435	–	–
<u>Other payables</u>				
Other payables	4,414	4,600	570	612
Subsidiaries	–	–	17	573
Provision for unutilised leave	1,009	842	60	55
Accrued operating expenses	11,634	10,391	1,603	1,103
Deposits	350	370	226	202
Sub-total	17,407	16,203	2,476	2,545
Current, total	114,887	91,638	2,476	2,545
<b>Non-current</b>				
<u>Other payables</u>				
Post-employment benefits	1,077	1,134	–	–
Non-current, total	1,077	1,134	–	–
Current and non-current, total	115,964	92,772	2,476	2,545

The current trade and other payables are unsecured, non-interest bearing, repayable within the next twelve months and to be settled in cash.

Included in post-employment benefits is an amount of \$186,000 (2021: \$229,000) which relates to an unfunded defined benefit plan for qualifying employees of the Group's subsidiary in Indonesia. Under the plan, the employees are entitled to post-employment benefits for every year of employment served having fulfilled certain conditions. The plan is not held separately by an independent administered fund as the plan is not a funded arrangement.

Movements in the provision and the amounts recognised in profit or loss and other comprehensive income during the reporting year are as follows:

	Group	
	2022 \$'000	2021 \$'000
At beginning of the year	229	262
Current service cost	23	22
Effect of curtailment/settlement	(46)	(62)
Interest expense	12	14
Defined benefit plan actuarial gain	(6)	(5)
Actual post employment payment	(6)	(5)
Foreign currency adjustments	(20)	3
At end of the year	186	229



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 31. TRADE AND OTHER PAYABLES (CONT'D)

The actuarial calculations are performed using the projected unit credit method and the key actuarial assumptions used are as follows:

	Group	
	2022	2021
Discount rate	7.25%	7.00%
Estimated future salary increase	5.00%	5.00%
Normal retirement age	55 years	55 years

## 32. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Bank overdrafts	294	237	–	–
Trust receipts	722	571	–	–
SGD term loan at SIBOR + 1.28% p.a.	1,124	1,322	1,124	1,322
SGD term loans at SORA + 1.26% to 1.55% p.a.	4,500	4,500	–	–
SGD term loan at 1.75% p.a.	1,000	1,000	–	–
MYR term loan at 6.25% p.a.	60	743	–	–
MYR term loan at KLIBOR + 1.46% p.a.	396	486	–	–
MYR term loan (A) at BECOF + 1.5% p.a.	86	89	–	–
MYR term loan (B) at BECOF + 1.5% p.a.	45	459	–	–
VND term loans at BLR + 2% p.a.	1,173	704	–	–
Lease liabilities	2,392	2,123	2	2
Current, total	<u>11,792</u>	<u>12,234</u>	<u>1,126</u>	<u>1,324</u>
<b>Non-current</b>				
SGD term loan at SIBOR + 1.28% p.a.	13,620	14,687	13,620	14,687
SGD term loan at 1.75% p.a.	1,917	2,917	–	–
MYR term loan at 6.25% p.a.	–	64	–	–
MYR term loan (A) at BECOF + 1.5% p.a.	881	1,022	–	–
Lease liabilities	1,520	4,746	5	8
Non-current, total	<u>17,938</u>	<u>23,436</u>	<u>13,625</u>	<u>14,695</u>
Current and non-current, total	<u>29,730</u>	<u>35,670</u>	<u>14,751</u>	<u>16,019</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 32. OTHER FINANCIAL LIABILITIES (CONT'D)

	Group		Company	
	2022	2021	2022	2021
The range of floating interest rates per annum paid/payable was as follows:				
Bank overdrafts	7.07% to 8.07%	4.19% to 7.07%	–	–
Trust receipts	7.07% to 8.07%	7.07%	–	–
SGD term loan at SIBOR + 1.28% p.a.	1.73% to 5.53%	1.70% to 1.73%	1.73% to 5.53%	1.70% to 1.73%
SGD term loans at SORA + 1.26% to 1.55% p.a.	1.48% to 5.65%	1.41% to 1.64%	–	–
MYR term loan at KLIBOR + 1.46% p.a.	3.42% to 4.52%	3.09% to 3.43%	–	–
MYR term loan (A) at BECOF + 1.5% p.a.	3.48% to 4.57%	3.48%	–	–
MYR term loan (B) at BECOF + 1.5% p.a.	3.48% to 4.57%	3.48%	–	–
VND term loans at BLR + 2% p.a.	3.85% to 9.04%	2.73% to 4.31%	–	–

The range of fixed interest rates per annum paid/payable was as follows:

SGD term loan at 1.75% p.a.	1.75%	1.75%	–	–
MYR term loan at 6.25% p.a.	6.25%	6.25%	–	–
Lease liabilities	1.73% to 7.00%	2.63% to 8.50%	3.04%	3.04%

The carrying amounts of the Group's non-current SGD term loan at SIBOR + 1.28% p.a. and MYR term loan (A) at BECOF + 1.5% p.a. are reasonable approximation of their fair values as they are floating rate instruments that are repriced to market interest rate on or near the end of the reporting year.

The fair values of the Group's non-current SGD term loan at 1.75% p.a. and MYR term loan at 6.25% p.a. are determined to be \$1,950,000 (2021: \$2,993,000) and \$Nil (2021: \$66,000) respectively which are estimated by discounting expected future cash flows at market incremental lending rate for similar types of arrangements.

The details of the loans and borrowings are as follows:

### Bank overdrafts

The bank overdrafts denominated in Malaysian Ringgit ("MYR") bear interest at bank lending rate ("BLR") + 1.5% (2021: BLR + 1.5%) per annum and are fully repayable on demand. The bank overdrafts are secured by a mortgage over freehold land and building with an aggregate net carrying amount of \$1,479,000 (2021: \$1,591,000), corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd, personal guarantees given by certain directors of subsidiaries, Kingsmen Projects Sdn Bhd and Kingsmen Exhibits Sdn Bhd and short-term deposits of \$152,000 (2021: \$162,000).

### Trust receipts

The trust receipts are denominated in MYR, bear interest at BLR + 1.50% (2021: BLR + 1.50%) per annum and are fully repayable within the next twelve months. The trust receipts are secured by a mortgage over freehold land and building with an aggregate net carrying amount of \$1,479,000 (2021: \$1,591,000), corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd and personal guarantees given by certain directors of a subsidiary, Kingsmen Projects Sdn Bhd.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 32. OTHER FINANCIAL LIABILITIES (CONT'D)

### SGD term loan at SIBOR + 1.28% p.a.

The SGD term loan at SIBOR + 1.28% p.a. is denominated in SGD, bears interest at Singapore interbank offer rate ("SIBOR") + 1.28% (2021: SIBOR + 1.28%) per annum and is fully repayable by 2032. The loan is secured by a mortgage over land use right and building with an aggregate net carrying amount of \$24,461,000 (2021: \$25,531,000) and an assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds and tenancy agreements in respect of the building.

### SGD term loans at SORA + 1.26% to 1.55% p.a.

The SGD term loans at SORA + 1.26% to 1.55% p.a. are denominated in SGD, bear interest at Singapore overnight rate average ("SORA") + 1.26% to 1.55% (2021: Swap offer rate + 1.25%) per annum and are fully repayable in 2023. The loans are secured by corporate guarantees given by the Company.

### SGD term loan at 1.75% p.a.

The SGD term loan at 1.75% p.a. is denominated in SGD, bears interest at 1.75% (2021: 1.75%) per annum and is fully repayable by 2025. The loan is secured by a corporate guarantee given by the Company.

### MYR term loan at 6.25% p.a.

The MYR term loan at 6.25% p.a. is denominated in MYR, bears interest at 6.25% (2021: 6.25%) per annum and is fully repayable by 2023. The loan is secured by a mortgage over freehold land and building with an aggregate net carrying amount of \$10,062,000 (2021: \$10,833,000), a corporate guarantee given by the Company and short-term deposits of \$225,000 (2021: \$235,000).

### MYR term loan at KLIBOR + 1.46% p.a.

The MYR term loan at KLIBOR + 1.46% p.a. is denominated in MYR, bears interest at Kuala Lumpur interbank offer rate ("KLIBOR") + 1.46% (2021: KLIBOR + 1.46%) per annum and is fully repayable in 2023. The loan is secured by a mortgage over freehold land and building with an aggregate net carrying amount of \$10,062,000 (2021: \$10,833,000), a corporate guarantee given by the Company and short-term deposits of \$225,000 (2021: \$235,000).

### MYR term loan (A) at BECOF + 1.5% p.a.

The MYR term loan (A) at BECOF + 1.5% p.a. is denominated in MYR, bears interest at bank effective cost of funds ("BECOF") + 1.5% (2021: BECOF + 1.5%) per annum and is fully repayable by 2031. The loan is secured by a mortgage over freehold land and building with an aggregate net carrying amount of \$1,479,000 (2021: \$1,591,000), corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd and personal guarantees given by certain directors of a subsidiary, Kingsmen Projects Sdn Bhd.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 32. OTHER FINANCIAL LIABILITIES (CONT'D)

### MYR term loan (B) at BECOF + 1.5% p.a.

The MYR term loan (B) at BECOF + 1.5% p.a. is denominated in MYR, bears interest at BECOF + 1.5% (2021: BECOF + 1.5%) per annum and is fully repayable in 2023. The loan is secured by a mortgage over freehold land and building with an aggregate net carrying amount of \$1,479,000 (2021: \$1,591,000), corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd, personal guarantees given by certain directors of a subsidiary, Kingsmen Exhibits Sdn Bhd and short-term deposits of \$152,000 (2021: \$162,000).

### VND term loans at BLR + 2% p.a.

The Vietnam Dong ("VND") term loans at BLR + 2% p.a. are denominated in VND, bear interest at BLR + 2% (2021: BLR + 2%) per annum and are fully repayable in 2023. The loans are secured by corporate guarantees given by the Company.

### Lease liabilities

The Group has entered into lease agreements, in which it is the lessee, for production, office, retail, storage and dormitory facilities, office equipment and motor vehicle. These leases, of which some are cancellable, have lease terms of between 12 to 81 (2021: 11 to 84) months. Some of these leases have renewal options, escalation clauses and/or purchase options included in the contracts and provide for contingent rent based on a percentage of revenue in excess of the base rent. There are no restrictions placed upon the Group by entering into these leases. The Group's obligation to the lease payments for the motor vehicle, secured by way of a legal mortgage on the underlying lease asset with a net carrying amount of \$30,000 as at 31 December 2021, was fully discharged during the reporting year ended 31 December 2022 (Note 22).

The maturity analysis of the lease payments (fixed portion) payable under these leases at the end of the reporting year is as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Maturity analysis</u>				
Year 1	2,492	2,326	3	3
Year 2 to 5	1,571	4,986	5	9
	4,063	7,312	8	12
Less: Finance charges	(151)	(443)	(1)	(2)
	3,912	6,869	7	10
<u>Analysed as</u>				
Current	2,392	2,123	2	2
Non-current	1,520	4,746	5	8
	3,912	6,869	7	10

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 32 OTHER FINANCIAL LIABILITIES (CONT'D)

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

	Group Non-cash changes							2022 \$'000
	2021 \$'000	Cash flows \$'000	Acquisitions \$'000	Lease modifications \$'000	Interest expense \$'000	Foreign exchange movements \$'000	Others \$'000	
Loans and borrowings								
– current	9,874	(2,817)	–	–	–	(164)	2,213	9,106
– non-current	18,690	–	–	–	–	(59)	(2,213)	16,418
Lease liabilities								
– current	2,123	(3,456)	2,268	(190)	250	12	1,385	2,392
– non-current	4,746	–	359	(2,219)	–	19	(1,385)	1,520
	<u>35,433</u>	<u>(6,273)</u>	<u>2,627</u>	<u>(2,409)</u>	<u>250</u>	<u>(192)</u>	<u>–</u>	<u>29,436</u>

	Non-cash changes							2021 \$'000
	2020 \$'000	Cash flows \$'000	Acquisitions \$'000	Lease modification \$'000	Interest expense \$'000	Foreign exchange movements \$'000	Others \$'000	
Loans and borrowings								
– current	12,465	(5,742)	–	–	–	(1)	3,152	9,874
– non-current	21,847	–	–	–	–	(5)	(3,152)	18,690
Lease liabilities								
– current	2,798	(3,420)	542	(29)	277	13	1,942	2,123
– non-current	5,765	–	962	(66)	–	27	(1,942)	4,746
	<u>42,875</u>	<u>(9,162)</u>	<u>1,504</u>	<u>(95)</u>	<u>277</u>	<u>34</u>	<u>–</u>	<u>35,433</u>

The "others" column relates to reclassification of non-current portion of loans and borrowings and lease liabilities due to passage of time.

## 33. OTHER LIABILITIES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deferred income	3,851	4,532	69	59

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 34. DIVIDENDS

	Group and Company	
	2022	2021
	\$'000	\$'000
<u>Proposed but not recognised as a liability as at 31 December</u>		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting		
– Final tax exempt one-tier dividend for 2022: \$0.01 (2021: \$Nil) per ordinary share	2,019	–

## 35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### Classification of financial assets and liabilities

The carrying amounts of financial assets and liabilities recorded at the end of the reporting year are as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets</u>				
Debt instruments at amortised cost				
– Trade and other receivables	87,622	74,300	4,710	1,376
– Cash and cash equivalents	76,307	81,534	6,327	7,365
Equity instruments at fair value through other comprehensive income				
– Quoted equity shares and warrants	1,783	3,205	1,783	3,205
– Unquoted equity shares	38	38	38	38
At end of the year	<u>165,750</u>	<u>159,077</u>	<u>12,858</u>	<u>11,984</u>
<u>Financial liabilities</u>				
Financial liabilities at amortised cost				
– Trade and other payables	115,964	92,772	2,476	2,545
– Other financial liabilities	29,730	35,670	14,751	16,019
At end of the year	<u>145,694</u>	<u>128,442</u>	<u>17,227</u>	<u>18,564</u>

Further quantitative disclosures are included throughout these financial statements.

### Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value are disclosed in the relevant notes to the financial statements, where required. These include both the financial instruments stated at amortised cost and at fair value in the statements of financial position. The carrying amounts of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amounts of current financial instruments are reasonable approximation of their fair values. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Group's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, foreign currency risk and equity price risk. Management has certain practices for the management of these financial risks. All financial risk management activities are carried out based on good market practices and are monitored by management staff. The Group's overall financial risk management strategy seeks to minimise the potential material adverse effects from these financial risk exposures. The information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing these risks are presented below. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures these risks.

#### Credit risk on financial assets and contract assets

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, trade and other receivables, other investments and contract assets. As the Group does not hold collateral, the maximum exposure to credit risk is the total of the fair values of the financial assets and contract assets.

To the extent that it is feasible, the Group assesses credit risk on assets on an individual basis. In cases where that process is not feasible, a collective assessment is performed. 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 considers an asset to be in default when the counterparty is unlikely to pay its credit obligations to the Group in full, without recourse actions by the Group, if any. To assess whether there is a significant increase in credit risk, the Group compares the risk of 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 forward-looking information which includes internal credit rating, external credit rating, actual or expected significant changes in the operating results, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the ability to meet obligations and significant increases in credit risk on other financial instruments of the counterparty. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk of an asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Credit risk on cash balances with banks and financial institutions, other receivables and other investments is limited because the counterparties are entities with acceptable credit ratings. Note 28 discloses the maturity of the cash and cash equivalents balances. Other receivables are normally with no fixed terms and therefore there is no maturity. Note 21 discloses the maturity of the other investments balances.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### Financial risk management (cont'd)

#### Credit risk on financial assets and contract assets (cont'd)

For credit risk on trade receivables and contract assets, an ongoing credit evaluation is performed on the financial condition of the debtors and an allowance for expected credit losses is recognised in profit or loss where necessary. The Group's exposure to credit risk on trade receivables and contract assets is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. As part of the process of setting customer credit limits, different credit terms are used. The credit period granted to customers is generally between 60 to 90 (2021: 60 to 90) days.

There is no significant concentration of credit risk on trade receivables as the exposure is spread over a large number of customers. As at the end of the reporting year, approximately 14% (2021: 15%) and 73% (2021: 73%) of the Group and the Company's trade receivables are due from three customers as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Top no. 1 customer	4,768	5,695	774	774
Top no. 2 customer	4,383	2,634	164	148
Top no. 3 customer	2,617	2,127	148	127

Ageing analysis of trade receivables that are past due as at the end of the reporting year but not impaired is as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Past due less than 30 days	7,036	1,061	–	–
Past due 31 to 60 days	1,124	737	–	–
Past due 61 to 90 days	722	1,141	165	200
Past due over 90 days	14,239	13,786	71	50
	23,121	16,725	236	250

Ageing analysis of trade receivables as at the end of the reporting year that are impaired is as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Past due over 90 days	6,689	6,935	774	774



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### Financial risk management (cont'd)

#### Liquidity risk – financial liabilities maturity analysis

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Group's reputation.

The following tables analyse the financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

	Due less than 1 year \$'000	Due within 2 – 5 years \$'000	Due after 5 years \$'000	Total \$'000
<b>Group</b>				
<b>2022</b>				
Trade and other payables	114,887	1,077	–	115,964
Other financial liabilities	12,898	11,687	10,255	34,840
At end of the year	127,785	12,764	10,255	150,804
<b>2021</b>				
Trade and other payables	91,638	1,134	–	92,772
Other financial liabilities	12,935	14,951	10,265	38,151
At end of the year	104,573	16,085	10,265	130,923
<b>Company</b>				
<b>2022</b>				
Trade and other payables	2,476	–	–	2,476
Other financial liabilities	1,914	7,649	9,712	19,275
At end of the year	4,390	7,649	9,712	21,751
<b>2021</b>				
Trade and other payables	2,545	–	–	2,545
Other financial liabilities	1,588	6,353	9,661	17,602
At end of the year	4,133	6,353	9,661	20,147

The undiscounted amounts on the other financial liabilities with fixed and floating interest rates are determined by reference to the conditions existing at the end of the reporting year.

It is expected that all the liabilities will be settled at their contractual maturity. The credit period taken to settle trade payables is generally between 30 to 90 (2021: 30 to 90) days. Other payables are normally with no fixed terms and therefore there is no maturity. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### Financial risk management (cont'd)

#### Liquidity risk – financial liabilities maturity analysis (cont'd)

The following tables analyse the financial guarantee contracts based on the earliest dates in which the maximum guaranteed amount could be drawn upon:

	Due less than 1 year \$'000	Group and Company Due within 2 – 5 years \$'000	Due after 5 years \$'000	Total \$'000
<b>2022</b>				
Financial guarantee contracts	20,488	9,018	496	30,002
<b>2021</b>				
Financial guarantee contracts	23,044	12,317	632	35,993

As at the end of the reporting year, no claims on the financial guarantee contracts are expected.

#### Interest rate risk

The Group's exposure to interest rate risk relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The interest rate risk exposure is from changes in fixed and floating interest rates. The breakdown of the significant financial instruments by type of interest rate is as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Financial assets</b>				
Fixed rate	28,935	27,430	7,102	6,405
Floating rate	37,942	43,423	646	930
	<u>66,877</u>	<u>70,853</u>	<u>7,748</u>	<u>7,335</u>
<b>Financial liabilities</b>				
Fixed rate	6,889	11,593	7	10
Floating rate	22,841	24,077	14,744	16,009
	<u>29,730</u>	<u>35,670</u>	<u>14,751</u>	<u>16,019</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### Financial risk management (cont'd)

#### Interest rate risk (cont'd)

##### Sensitivity analysis

For the floating rate financial assets and liabilities, a hypothetical increase of 100 (2021: 100) basis points in interest rate at the end of the reporting year would increase/(decrease) pre-tax profit for the reporting year by the amounts shown below. A decrease of 100 (2021: 100) basis points in interest rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Pre-tax profit for the reporting year	151	193	(141)	(151)

The hypothetical change in basis point is not based on observable market data (unobservable inputs).

#### Foreign currency risk

The Group has exposure to foreign currency movements on financial assets and financial liabilities denominated in foreign currencies. It also has exposure on sales and purchases that are denominated in foreign currencies. The currencies giving rise to the foreign currency risk are primarily the SGD, United States Dollar ("USD"), Hong Kong Dollar ("HKD"), Thai Baht ("THB") and China Renminbi ("RMB"). The Group hedges its foreign currency exposure should the need arise through the use of forward foreign currency contracts.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### Financial risk management (cont'd)

#### Foreign currency risk (cont'd)

Other than as disclosed elsewhere in the financial statements, the Group's exposures to foreign currencies are as follows:

Group	SGD \$'000	USD \$'000	HKD \$'000	THB \$'000	RMB \$'000	Others \$'000	Total \$'000
<b>2022</b>							
<u>Financial assets</u>							
Trade and other receivables	3	3,303	257	–	1,200	448	5,211
Cash and cash equivalents	2,208	3,969	799	–	3,228	577	10,781
Quoted equity shares	–	–	–	1,783	–	–	1,783
Unquoted equity shares	–	–	–	–	–	38	38
Total financial assets	2,211	7,272	1,056	1,783	4,428	1,063	17,813
<u>Financial liabilities</u>							
Trade and other payables	159	1,595	576	67	76	24	2,497
Other financial liabilities	–	–	–	–	–	–	–
Total financial liabilities	159	1,595	576	67	76	24	2,497
Net financial assets	2,052	5,677	480	1,716	4,352	1,039	15,316
<b>2021</b>							
<u>Financial assets</u>							
Trade and other receivables	72	1,323	–	–	–	782	2,177
Cash and cash equivalents	1,521	5,504	630	–	1,170	171	8,996
Quoted equity shares and warrants	–	–	–	3,205	–	–	3,205
Unquoted equity shares	–	–	–	–	–	38	38
Total financial assets	1,593	6,827	630	3,205	1,170	991	14,416
<u>Financial liabilities</u>							
Trade and other payables	13	2,426	–	–	130	13	2,582
Other financial liabilities	–	–	–	–	–	–	–
Total financial liabilities	13	2,426	–	–	130	13	2,582
Net financial assets	1,580	4,401	630	3,205	1,040	978	11,834

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### Financial risk management (cont'd)

#### Foreign currency risk (cont'd)

Company	USD \$'000	THB \$'000	Others \$'000	Total \$'000
<b>2022</b>				
<u>Financial assets</u>				
Trade and other receivables	51	–	–	51
Cash and cash equivalents	14	–	–	14
Quoted equity shares	–	1,783	–	1,783
Unquoted equity shares	–	–	38	38
Total financial assets	65	1,783	38	1,886
<u>Financial liabilities</u>				
Trade and other payables	–	–	–	–
Other financial liabilities	–	–	–	–
Total financial liabilities	–	–	–	–
Net financial assets	65	1,783	38	1,886
<b>2021</b>				
<u>Financial assets</u>				
Trade and other receivables	–	–	–	–
Cash and cash equivalents	14	–	–	14
Quoted equity shares and warrants	–	3,205	–	3,205
Unquoted equity shares	–	–	38	38
Total financial assets	14	3,205	38	3,257
<u>Financial liabilities</u>				
Trade and other payables	–	–	–	–
Other financial liabilities	–	–	–	–
Total financial liabilities	–	–	–	–
Net financial assets	14	3,205	38	3,257

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### Financial risk management (cont'd)

#### Foreign currency risk (cont'd)

##### Sensitivity analysis

A hypothetical 3% (2021: 3%) strengthening of the above currencies against the functional currency of the respective entities of the Group at the end of the reporting year would increase pre-tax profit for the reporting year by the amounts shown below. A 3% (2021: 3%) weakening of the above currencies against the functional currency of the respective entities of the Group would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	2022 \$'000	2021 \$'000
<b>Group</b>		
SGD	62	48
USD	170	132
HKD	14	19
THB	51	96
RMB	131	31
Others	31	29
	459	355
<b>Company</b>		
USD	2	1
THB	54	96
Others	1	1
	57	98

The hypothetical sensitivity rate used in the above table is the reasonably possible change in foreign exchange rates.

#### Equity price risk

The Group is exposed to equity price risk arising from its investment in quoted equity shares and warrants of Kingsmen C.M.T.I. Public Company Limited of \$1,783,000 (2021: \$3,205,000) at the end of the reporting year. The investment in quoted equity shares and warrants are classified as equity instruments at fair value through other comprehensive income as disclosed in Note 21. The quoted equity shares and warrants are traded on the Market for Alternative Investment of the Stock Exchange of Thailand.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### Financial risk management (cont'd)

#### Equity price risk (cont'd)

#### Sensitivity analysis

A hypothetical 5% (2021: 5%) increase in the equity price for the quoted equity shares and warrants at the end of the reporting year would increase other comprehensive income for the reporting year by the amounts shown below. A 5% (2021: 5%) decrease in the equity price for the quoted equity shares and warrants would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	Group and Company	
	2022	2021
	\$'000	\$'000
Other comprehensive income for the reporting year	89	160

The hypothetical sensitivity rate used in the above table is the reasonably possible change in equity price.

## 36. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

The Group has entered into operating lease agreements, in which it is the lessor, for office, production and storage facilities. These non-cancellable leases have remaining lease terms of between 1 to 3 (2021: 1 to 3) years. Some of these leases have renewal options and/or escalation clauses included in the contracts.

The maturity analysis of the lease payments (fixed portion) receivable under these leases at the end of the reporting year is as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Maturity analysis				
Year 1	1,021	1,073	2,830	2,797
Year 2	284	722	2,266	2,650
Year 3	100	135	126	2,191
	<u>1,405</u>	<u>1,930</u>	<u>5,222</u>	<u>7,638</u>

## 37. CONTINGENT LIABILITIES

The Group has provided corporate guarantees to banks amounting to \$30,002,000 (2021: \$35,993,000) in connection with banking facilities granted to its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 38. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous reporting year except that in the current reporting year, the Group has adopted all the new and revised SFRS(I) that are effective for annual periods beginning on or after 1 January 2022. The adoption of these SFRS(I) did not result in any substantial change to the Group's accounting policies and has no significant impact on the financial statements for the current reporting year.

## 39. NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting periods, new and revised SFRS(I) applicable to the Group were issued by the Singapore Accounting Standards Council as below and these will only be effective for future reporting periods. The Group expects that the adoption of the new and revised SFRS(I) will have no material impact on the financial statements in the period of initial application.

SFRS(I) No.	Title	Effective date for periods beginning on or after
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12	Amendments to SFRS(I) 1-12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
SFRS(I) 10 and SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

## 40. EVENTS AFTER THE END OF THE REPORTING YEAR

In January 2023, the Company's directly wholly-owned subsidiary, Kingsmen Exhibits Pte Ltd completed the acquisition of a 50% equity interest in Kingsmen-Nassal Kabushiki Kaisha ("KNKK"), thereby increasing its equity interest in KNKK from 50% to 100%, and KNKK became an indirectly wholly-owned subsidiary of the Group. The payment consideration of JPY 2,000 was satisfied in cash. The principal activities of KNKK are the design, manufacture and build of themed attractions and lifestyle parks. The Group is in the midst of finalising the accounting for this acquisition. Accordingly, no disclosure on the effects of the acquisition, which are not expected to be material to the Group, is made under the requirement of SFRS(I) 3 Business Combinations.

In January 2023, the Company's 70% indirectly owned subsidiary, Kingsmen Projects US ("KP California") was re-domiciled from California, United States of America, to Texas, United States of America (the "Re-Domiciliation"). The Re-Domiciliation was carried out by way of a merger of KP California with and into Kingsmen Projects US, Inc. ("KP Texas"), a 70% indirectly owned subsidiary incorporated under the laws of Texas, United States of America, with KP Texas continuing as the surviving entity of the merger. KP California will be de-registered in California, United States of America, as part of the Re-Domiciliation.

In February 2023, the Company's 80% indirectly owned subsidiary, Kingsmen Xperience, Inc. incorporated a wholly-owned subsidiary, KX Management LLC ("KX Management") in the United States of America. The issued and paid-up share capital of KX Management upon incorporation is USD 500. The principal activities of KX Management are the creation and ownership of media/entertainment themed licenses and development and marketing of intellectual property for themed attractions and lifestyle parks and any related business.



# MAJOR PROPERTIES

Description	Location	Land / Built-in Area (sq ft)	Tenure / Expiry
<b>Classified as land use right and property, plant and equipment</b>			
Office, production and storage facilities	Lot 2592 Jalan Perindustrian 3 Kawasan Perindustrian Senai 2 81400 Senai Johor Darul Takzim Malaysia	399,384 (Land) 155,496 (Built-in)	Freehold
Office facilities	22 Changi Business Park Central 2 The Kingsmen Experience Singapore 486032	56,521 (Land) 141,306 (Built-in)	30 years, expiring on 30 November 2045
Awaiting construction <sup>(1)</sup>	Row 7, Hanxu Village Chengdong Town, Hai'an County Nantong City, Jiangsu Province People's Republic of China	304,780 (Land) (No built-in)	50 years, expiring on 9 November 2069
<b>Classified as investment property</b>			
Office, production and storage facilities	No. 5 Jalan 6/2B Taman Industri Selesa Jaya 43300 Seri Kembangan Selangor Darul Ehsan Malaysia	38,813 (Land) 19,824 (Built-in)	Freehold

**Note:**

- (1) This piece of land is scheduled for the construction of office, production and storage facilities. It is in the preliminary phase of design and preparation for construction.

# STATISTICS OF SHAREHOLDINGS

As at 13 March 2023

Number of issued shares	:	201,948,299
Class of shares	:	Ordinary share
Voting rights	:	One vote per ordinary share

## TREASURY SHARES AND SUBSIDIARY HOLDINGS

The Company does not hold any treasury shares and does not have subsidiary holdings.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	6	0.40	200	0.00
100 – 1,000	127	8.40	81,780	0.04
1,001 – 10,000	650	42.99	3,755,598	1.86
10,001 – 1,000,000	710	46.96	42,873,950	21.23
1,000,001 and above	19	1.25	155,236,771	76.87
Total	1,512	100.00	201,948,299	100.00

## TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	ISLANDA PTE. LTD.	38,493,060	19.06
2.	O-VEST PTE. LTD.	37,993,060	18.81
3.	DBS NOMINEES (PRIVATE) LIMITED	13,662,699	6.77
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	9,842,156	4.87
5.	SIMON ONG CHIN SIM	9,040,830	4.48
6.	SOH SIAK POH BENEDICT	8,540,849	4.23
7.	PHILLIP SECURITIES PTE LTD	4,345,700	2.15
8.	PEOK CHONG ENG	4,222,479	2.09
9.	CHONG SIEW LING	4,150,531	2.06
10.	CHONG FOOK SENG PATRICK	4,014,000	1.99
11.	ONG CHIN KWAN	3,622,650	1.79
12.	RAFFLES NOMINEES (PTE) LIMITED	2,818,400	1.40
13.	IFAST FINANCIAL PTE. LTD.	2,683,349	1.33
14.	JONATHAN CHADWICK	2,400,000	1.19
15.	TAN AI LIN	2,245,573	1.11
16.	LIM HOCK CHYE STEPHEN	2,186,003	1.08
17.	CHEONG CHAI KENG	2,090,538	1.04
18.	CHENG OON TECK	1,664,960	0.82
19.	ABN AMRO CLEARING BANK N.V.	1,219,934	0.60
20.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	990,080	0.49
	Total	156,226,851	77.36

# STATISTICS OF SHAREHOLDINGS

As at 13 March 2023

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Soh Siak Poh Benedict <sup>(1)</sup>	8,540,849	4.23	38,493,060	19.06
Simon Ong Chin Sim <sup>(2)</sup>	9,040,830	4.48	37,993,060	18.81
Islanda Pte. Ltd.	38,493,060	19.06	–	–
O-Vest Pte. Ltd.	37,993,060	18.81	–	–
Png Geok Choo Rose <sup>(1)</sup>	–	–	38,493,060	19.06
Soh E-Ling Marianne <sup>(1)</sup>	–	–	38,493,060	19.06
Soh Hsien Wern Gavin <sup>(1)</sup>	–	–	38,493,060	19.06
Jillian Soh E-Ping <sup>(1)</sup>	–	–	38,493,060	19.06
Vera Ong Lim Guek Noi <sup>(2)</sup>	–	–	37,993,060	18.81
Ong Mei Lin Elita <sup>(2)</sup>	–	–	37,993,060	18.81

### Notes:

- (1) Mr Soh Siak Poh Benedict's, Mdm Png Geok Choo Rose's, Ms Soh E-Ling Marianne's, Mr Soh Hsien Wern Gavin's and Ms Jillian Soh E-Ping's deemed interest refers to the 38,493,060 shares held by Islanda Pte. Ltd. by virtue of Section 7 of the Companies Act 1967 (Singapore).
- (2) Mr Simon Ong Chin Sim's, Mdm Vera Ong Lim Guek Noi's and Ms Ong Mei Lin Elita's deemed interest refers to the 37,993,060 shares held by O-Vest Pte. Ltd. by virtue of Section 7 of the Companies Act 1967 (Singapore).

## PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 13 March 2023, approximately 44.54% of the issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

# NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twentieth Annual General Meeting of Kingsmen Creatives Ltd. (the "**Company**") will be held at 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032 on Thursday, 27 April 2023 at 10.00 a.m. (the "**AGM**") for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final tax exempt one-tier dividend of 1.0 Singapore cent per ordinary share for the financial year ended 31 December 2022. **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Regulation 89 of the Constitution of the Company:
 

Mr. Cheng Oon Teck	<i>[See Explanatory Note (i)]</i>	<b>(Resolution 3)</b>
Mr. Wee Huat Seng	<i>[See Explanatory Note (ii)]</i>	<b>(Resolution 4)</b>
Ms. Tan Guan Hiang	<i>[See Explanatory Note (iii)]</i>	<b>(Resolution 5)</b>
4. To approve the payment of Directors' fees of S\$265,000 for the financial year ended 31 December 2022 (2021: S\$263,603). **(Resolution 6)**
5. To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

### 7. Authority to allot and issue shares in the capital of the Company - Share Issue Mandate

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

- (a)
  - (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

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

# NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of convertible securities which were issued and outstanding or subsisting at the time of the passing of this Resolution;
  - (b) new Shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

*[See Explanatory Note (iv)]*

**(Resolution 8)**

By Order of the Board of Directors of the Company

Chee Yuen Li, Andrea  
Tan Yong Kwang  
Joint Company Secretaries

Singapore  
11 April 2023

# NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) Detailed information on Mr. Cheng Oon Teck can be found in the Company's Annual Report. Mr. Cheng Oon Teck, if re-elected as a Director of the Company, will remain as Group Chief Executive Officer and Executive Director of the Company.
- (ii) Detailed information on Mr. Wee Huat Seng can be found in the Company's Annual Report. Mr. Wee Huat Seng, if re-elected as a Director of the Company, will remain as Group Managing Director, Retail & Corporate Interiors and Executive Director of the Company.
- (iii) Detailed information on Ms. Tan Guan Hiang can be found in the Company's Annual Report. Ms. Tan Guan Hiang, if re-elected as a Director of the Company, will remain as an Independent Director of the Company and continue to serve as the Chairwoman of the Remuneration Committee and as a Member of the Audit Committee and Nominating Committee. She will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- (iv) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per cent. (20%) may be issued other than on a pro-rata basis to the shareholders of the Company.

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

## Notes:

- 1. Shareholders of the Company ("**Shareholders**") are invited to attend the AGM in person. There will be **NO** option for Shareholders to participate virtually.
- 2. Documents relating to the business of the AGM, which comprise the Annual Report of the Company for the financial year ended 31 December 2022 (the "**Annual Report**"), this Notice of AGM and the accompanying Proxy Form for the AGM (the "**Proxy Form**"), will be published on SGXNET and the Company's website at the following link: <http://kingsmen.listedcompany.com/#agm>. Printed copies of the Annual Report, Notice of AGM and Proxy Form will **NOT** be mailed to Shareholders.
- 3. A Shareholder who is not a Relevant Intermediary (as defined in Section 181 of the Companies Act) and is entitled to attend, speak and vote at the AGM is entitled to appoint not more than two proxies to attend, speak and vote in his/her/its stead. A proxy need not be a Shareholder.
- 4. Where a Shareholder appoints more than one proxy, he/she/it shall specify the proportion of his/her/its shareholdings to be represented by each proxy in the instrument appointing the proxies.
- 5. A Shareholder who is a Relevant Intermediary entitled to attend, speak and vote at the AGM is entitled to appoint more than two proxies to attend, speak and vote at the AGM instead of such Shareholder, but each such proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder appoints more than two proxies, the appointments shall be invalid unless the Shareholder specifies the proportion of shareholdings in relation to which each proxy has been appointed.

## NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

6. If the Shareholder is a corporation, the instrument appointing the proxy or proxies must be executed under its common seal or the hand of its attorney or a duly authorised officer.
7. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person(s) as it thinks fit to act as its representative(s) at the AGM, in accordance with Section 179 of the Companies Act.
8. The instrument appointing a proxy or proxies must be submitted in the following manner:
  - (i) if submitted by post, be deposited at the registered office of the Company at 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032; or
  - (ii) if submitted electronically, be submitted via email to [proxyform@kingsmen-int.com](mailto:proxyform@kingsmen-int.com),
 in either case, not less than **72 hours** before the time appointed for the holding of the AGM.
9. Shareholders who hold their Shares through a Relevant Intermediary (including Supplementary Retirement Scheme (“SRS”) investors, Central Provident Fund Investment Scheme (“CPFIS”) investors and holders under depository agents) and who wish to exercise their votes should approach their respective Relevant Intermediaries (including their respective SRS approved banks, CPFIS agent banks or depository agents) to submit their voting instructions by **5.00 p.m. on 18 April 2023**, being seven (7) working days before the date of the AGM.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the Shareholder, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for the holding of the AGM, as certified by The Central Depository (Pte) Limited to the Company.
11. Shareholders may submit questions relating to the resolutions to be tabled for approval at the AGM in advance to the Company:
  - (i) by post to the registered office of the Company at 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032; or
  - (ii) by email via [agm@kingsmen-int.com](mailto:agm@kingsmen-int.com),
 together with their full name (as per CDP records), identification number and contact number (to enable the Company and/or its agents and service providers to authenticate their status as Shareholders), by **10.00 a.m. on 19 April 2023**. Shareholders or their appointed proxy or proxies may also ask questions relating to the resolutions to be tabled for approval at the AGM, in person during the AGM. The Company shall address relevant and substantial questions relating to the resolutions to be tabled for approval at the AGM received before and during the AGM, at the AGM.
12. The Company will publish the minutes of the AGM on SGXNET and the Company’s website within one (1) month after the date of the AGM. The minutes of the AGM will include the Company’s responses to relevant and substantial questions relating to the resolutions to be tabled for approval at the AGM that were addressed at the AGM.
13. A Shareholder may request a printed copy of the Annual Report (which includes this Notice of AGM and the Proxy Form) by submitting the request to the Company via email at [agm@kingsmen-int.com](mailto:agm@kingsmen-int.com). For the request to be valid for processing, the Shareholder must specify “Request for Printed Copy of Annual Report 2022” as the subject of the email, and for verification and mailing purposes, state his/her/its full name (as per CDP records), identification number, contact number and mailing address.

# NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

## Personal Data Privacy:

By attending the AGM and/or any adjournment thereof, or submitting an instrument appointing a proxy or proxies and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or submitting any question prior to or during the AGM, or submitting a request for a printed copy of the Annual Report, in accordance with this Notice of AGM, a Shareholder:

- (a) consents to the collection, use and disclosure of his/her/its personal data by the Company (or its agents or service providers) for the following purposes:
  - (i) the processing and administration by the Company (or its agents or service providers) of proxy or proxies and/or representative(s) appointed for the AGM and/or any adjournment thereof;
  - (ii) addressing relevant and substantial question(s) from him/her/it received prior to or during the AGM and if necessary, following up with him/her/it in relation to such question(s);
  - (iii) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM and/or any adjournment thereof;
  - (iv) processing and effecting any request for a printed copy of the Annual Report from him/her/it; and
  - (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines,(collectively, the "**Purposes**"),
- (b) warrants that where he/she/it discloses the personal data of his/her/its proxy or proxies and/or representative(s) to the Company (or its agents or service providers), he/she/it has obtained the prior consent of such proxy or proxies and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy or proxies and/or representative(s) for the Purposes, and
- (c) agrees that he/she/it will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his/her/its breach of warranty.



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Cheng Oon Teck, Mr Wee Huat Seng and Ms Tan Guan Hiang are Directors seeking re-election at the forthcoming Twentieth Annual General Meeting of Kingsmen Creatives Ltd. to be held on 27 April 2023 as set out under Resolutions 3, 4 and 5 respectively in the Notice of Annual General Meeting dated 11 April 2023 (collectively, the **"Retiring Directors"**).

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the **"Listing Manual"**), the information relating to the Retiring Directors required under Appendix 7.4.1 of the Listing Manual is set out below:

	<b>Mr Cheng Oon Teck</b>	<b>Mr Wee Huat Seng</b>	<b>Ms Tan Guan Hiang</b>
Date of appointment	1 July 2016	1 July 2016	15 November 2016
Date of last re-election	14 May 2020	14 May 2020	14 May 2020
Age	60	56	72
Country of principal residence	Singapore	Singapore	Singapore
The board of directors' comments on this re-election (including the rationale, selection criteria, and search and nomination process)	The re-election of Mr Cheng as Group Chief Executive Officer and Executive Director was recommended by the Nominating Committee (the <b>"NC"</b> ) and approved by the Board of Directors (the <b>"Board"</b> ), after taking into consideration Mr Cheng's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director.	The re-election of Mr Wee as Group Managing Director, Retail & Corporate Interiors and Executive Director was recommended by the NC and approved by the Board, after taking into consideration Mr Wee's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director.	The re-election of Ms Tan as Independent Director was recommended by the NC and approved by the Board, after taking into consideration Ms Tan's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director.
Whether appointment is executive, and if so, the area of responsibility	Executive  Mr Cheng is appointed as Group Chief Executive Officer and Executive Director and oversees the Group's day-to-day management, as well as its corporate affairs, business development and strategic planning functions.	Executive  Mr Wee is appointed as Group Managing Director, Retail & Corporate Interiors and Executive Director and is responsible for the strategic management and day-to-day operations of the Group's Retail & Corporate Interiors business.	Non-Executive
Job title	<ul style="list-style-type: none"> <li>Group Chief Executive Officer</li> <li>Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>Group Managing Director, Retail &amp; Corporate Interiors</li> <li>Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairwoman of Remuneration Committee</li> <li>Member of Audit Committee and Nominating Committee</li> </ul>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>Mr Cheng Oon Teck</b>	<b>Mr Wee Huat Seng</b>	<b>Ms Tan Guan Hiang</b>
Professional qualifications	<ul style="list-style-type: none"> <li>Bachelor of Economics, University of Tasmania, Australia</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor of Construction Management (Honours), University of Newcastle, Australia</li> <li>Master of Science in Marketing &amp; Consumer Insight, Nanyang Technological University, Singapore</li> </ul>	<ul style="list-style-type: none"> <li>Diploma in Personnel Management, University of Cardiff, United Kingdom</li> <li>Master of Business Administration, University of Hull, United Kingdom</li> <li>Master in Gerontology, University of Southampton, United Kingdom</li> <li>Doctorate in Business Administration, Hong Kong Polytechnic University, Hong Kong Special Administrative Region of the People's Republic of China</li> <li>Trained Executive Coach, Columbia University, United States</li> <li>Certified Diversity Practitioner, Cornell University, United States</li> </ul>
Working experience and occupation(s) during the past 10 years	2008 – Present: Kingsmen Creatives Ltd., Group Chief Executive Officer and Executive Director (current position)	1990 – Present: Kingsmen Creatives Ltd., Group Managing Director, Retail & Corporate Interiors and Executive Director (current position)	2016 – Present: Kingsmen Creatives Ltd., Independent Director  2000 – 2015: Oversea-Chinese Banking Corporation Limited, Executive Vice President – Group Human Resources (last position)
Shareholding interest in the listed issuer and its subsidiaries	Direct interest – 1,664,960 ordinary shares in Kingsmen Creatives Ltd.	Direct interest – 2,703,549 ordinary shares in Kingsmen Creatives Ltd.	None
Familial relationship with any director and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>Mr Cheng Oon Teck</b>	<b>Mr Wee Huat Seng</b>	<b>Ms Tan Guan Hiang</b>
Other directorships	<p><b>Past (for the last 5 years)</b> Directorship: None</p> <p><b>Present</b> Directorships:</p> <ul style="list-style-type: none"> <li>• Kingsmen Ventures Pte Ltd</li> <li>• NAX Company Pte Ltd</li> <li>• NAX Singapore Pte Ltd</li> <li>• Kingsmen Xperience, Inc</li> <li>• Kingsmen (North Asia) Limited</li> <li>• Kingsmen Taiwan International Co. Limited</li> <li>• Kingsmen-Nassal Kabushiki Kaisha</li> <li>• Hi-Light Electrical Pte Ltd</li> <li>• Thinkfarm Pte Ltd</li> <li>• Ascend Com Pte Ltd</li> </ul>	<p><b>Past (for the last 5 years)</b> Directorship: None</p> <p><b>Present</b> Directorships:</p> <ul style="list-style-type: none"> <li>• Kingsmen Projects Pte Ltd</li> <li>• K-Fix Holdings Pte Ltd</li> <li>• K-Fix Production Sdn Bhd</li> <li>• K-Fix (Kunshan) Co., Ltd</li> <li>• K-Fix (Nantong) Co., Ltd</li> <li>• Kingsmen Projects US</li> <li>• Kingsmen Projects US, Inc.</li> </ul>	<p><b>Past (for the last 5 years)</b> Directorship: None</p> <p><b>Present</b> Directorships:</p> <ul style="list-style-type: none"> <li>• Valuemax Group Limited</li> <li>• DAS Academy Ltd</li> <li>• DAS International Services Pte Ltd</li> </ul> <p>Other commitments:</p> <ul style="list-style-type: none"> <li>• Member of Executive Committee of Dyslexia Association of Singapore</li> <li>• Board member of YMCA Singapore</li> <li>• Program Director of Asia Human Resources Council for The Conference Board</li> </ul>
<b>Information Required</b>			
<b>Disclose the following matters concerning a re-election of director. If the answer to any question is "yes", full details must be given.</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/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>Mr Cheng Oon Teck</b>	<b>Mr Wee Huat Seng</b>	<b>Ms Tan Guan Hiang</b>
(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/she was a director or an equivalent person or a key executive, at the time when he/she 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/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No	No
(d) Whether he/she 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/she is aware) for such purpose?	No	No	No
(e) Whether he/she 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/she is aware) for such breach?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>Mr Cheng Oon Teck</b>	<b>Mr Wee Huat Seng</b>	<b>Ms Tan Guan Hiang</b>
(f) Whether at any time during the last 10 years, judgment has been entered against him/her 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/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Cheng Oon Teck	Mr Wee Huat Seng	Ms Tan Guan Hiang
<p>(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :–</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>
<p>(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No	No

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# KINGSMEN CREATIVES LTD.

Company Registration Number: 200210790Z  
(Incorporated in Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT

1. A Relevant Intermediary (as defined in Section 181 of the Companies Act 1967 (Singapore) (the "Companies Act")) may appoint more than two proxies to attend, speak and vote at the Meeting.
2. For investors who hold shares in the capital of the Company under the Supplementary Retirement Scheme ("SRS") or the Central Provident Fund Investment Scheme ("CPFIS"), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS/CPFIS investors who wish to exercise their votes should approach their respective SRS approved banks or CPFIS agent banks to submit their voting instructions by **5.00 p.m. on 18 April 2023**, being seven (7) working days before the date of the Meeting.

I/We, \_\_\_\_\_ (name) \_\_\_\_\_ (NRIC/Passport/Co. Reg No.)

of \_\_\_\_\_ (address)

being a member/members of **KINGSMEN CREATIVES LTD.** (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholding to be represented	
			Number of Shares	%

and/or (delete as appropriate)

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or failing him/her/them, the Chairman of the Twentieth Annual General Meeting of the Company (the "Meeting") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Meeting to be held on Thursday, 27 April 2023 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the Resolutions to be proposed at the Meeting as indicated below. If no specific direction as to voting is given in respect of a Resolution or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies may vote or abstain from voting at his/her/their discretion. **All Resolutions put to vote at the Meeting shall be decided by way of poll.**

**If you wish to exercise all your votes "For" or "Against" a Resolution, please tick [✓] within the "For" or "Against" box provided. Alternatively, please indicate the number of votes "For" or "Against" the relevant Resolution.**

**If you wish to abstain from voting on a Resolution, please tick [✓] within the "Abstain" box provided. Alternatively, please indicate the number of votes in the "Abstain" box for the relevant Resolution.**

No.	Resolutions relating to:	For	Against	Abstain
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022			
2.	Declaration of a final tax exempt one-tier dividend of 1.0 Singapore cent per ordinary share for the financial year ended 31 December 2022			
3.	Re-election of Mr. Cheng Oon Teck as a Director			
4.	Re-election of Mr. Wee Huat Seng as a Director			
5.	Re-election of Ms. Tan Guan Hiang as a Director			
6.	Approval of Directors' fees amounting to S\$265,000 for the financial year ended 31 December 2022			
7.	Re-appointment of RSM Chio Lim LLP as Auditors and authorisation of the Directors to fix their remuneration			
8.	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Total number of Shares in:	Number of Shares Held
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s) or,  
Common Seal of Corporate Member

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

## Notes:

1. A member of the Company who is not a Relevant Intermediary and is entitled to attend, speak and vote at the Meeting is entitled to appoint not more than two proxies to attend, speak and vote in his/her/its stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the proportion of the shareholdings to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A member who is a Relevant Intermediary entitled to attend, speak and vote at the Meeting is entitled to appoint more than two proxies to attend, speak and vote at the Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the proportion of shareholdings in relation to which each proxy has been appointed.
4. 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 (Singapore)), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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 of the Company, 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 of the Company. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
5. Completion and return of this proxy form shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the proxy form to the Meeting.
6. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person(s) as it thinks fit to act as its representative(s) at the Meeting, in accordance with Section 179 of the Companies Act.
9. This duly executed proxy form must be submitted to the Company in the following manner:
  - (i) if submitted by post, be deposited at the registered office of the Company at 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032; or
  - (ii) if submitted electronically, be submitted via email to [proxyform@kingsmen-int.com](mailto:proxyform@kingsmen-int.com),in either case, not less than **72 hours** before the time appointed for the holding of the Meeting.
10. Members who hold their shares through a Relevant Intermediary (including SRS investors, CPFIS investors and holders under depository agents) and who wish to exercise their votes should approach their respective Relevant Intermediaries (including their respective SRS approved banks, CPFIS agent banks or depository agents) to submit their voting instructions by **5.00 p.m. on 18 April 2023**, being seven (7) working days before the date of the Meeting.

## General:

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for the holding of the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

## Personal Data Privacy:

By attending the Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy or proxies and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the Meeting dated 11 April 2023.

**Kingsmen Creatives Ltd**

Co. Reg. No. 200210790Z

**The Kingsmen Experience**

22 Changi Business Park Central 2  
Singapore 486032

Tel (65) 688 000 88

[info@kingsmen-int.com](mailto:info@kingsmen-int.com)  
[www.kingsmen-int.com](http://www.kingsmen-int.com)

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