CSE Global

STRENGTH AND RESILIENCE

ADVANCING WITH ADAPTIBILITY

ANNUAL REPORT 2021

We are harnessing the strengths, expertise, adaptability, and synergies across the Group and moving forward with strength and resilience to capture opportunities in key and prospective markets.

CONTENTS

CORPORATE PROFILE

CSE Global Limited (CSE) is a global technologies company listed on the Singapore Stock Exchange, with an international presence spanning the Americas, Asia Pacific, Europe, Middle East and Africa regions.

CSE is a leading systems integrator, focusing on the provision and installation of a variety of control systems as well as turnkey telecommunication network and security solutions, targeting the oil & gas, infrastructure and mining industries.

CSE commenced operations in 1985 as the engineering projects division of Chartered Electronics Industries, the electronics arm of Singapore Technologies (ST). As part of the ST Group's corporate strategy of encouraging a higher level of management participation and ownership in selective companies, a management buy-out was successfully concluded in January 1997. In February 1999, CSE became a public listed company and its shares are traded on the main board of the Singapore Exchange. Since then CSE has adopted a global approach for sustained growth.

The Group has now more than 1,400 employees worldwide, and operates a network of 45 offices across the globe, generating more than 93 percent of its revenues outside its home market. In line with global ambitions, the Group has adopted the ISO 9001 Quality Management System as certified by Lloyd's Register Quality Assurance (LRQA) and DNV. The CSE Group of companies has been very successful in offering cost-effective, totally integrated solutions to industries in the Oil & Gas, Infrastructure and Mining sectors. CSE has a consistent profit track and a management that is focused on operational excellence to achieve sustainable profit growth and enhance shareholder returns.

OVERCOMING TO ACHIEVE

We are agile and forward thinking in seeking to overcome market challenges and achieve our set targets and goal

MESSAGE TO STAKEHOLDERS

Dear Stakeholders,

As we navigated another challenging year through the Covid-19 pandemic which was marked by the emergence of new variants and subvariants, a global vaccination drive to combat the resurging virus, and ongoing disruptions to global supply chains – volatility and uncertainty continued to feature as key themes throughout FY2021.

Left:
LIM BOON KHENG
Group Managing Director

Right:
LIM MING SEONG
Chairman

Businesses have begun to take a more long-term view to fluid border restrictions, travel clampdowns and overall disruption as many countries globally adapt to Covid-19 as an endemic and the new normal. As a diversified, multi-sector player with widely transferrable engineering skills at our core, CSE Global has demonstrated resilience and risen above these challenges to deliver a steady set of results this year. By managing our costs, planning our inventory levels carefully and generating healthy operating cash flow, the Group turned in a steady financial performance in FY2021 despite the ongoing challenges.

Leveraging our engineering experience, technology and diverse skill sets that we have established across our global network, we have continually grown our capabilities and upgraded our technical knowledge. At the same time, we further strengthened our focus and investments in upskilling our talent pool to better engage and serve our customers, who are at the heart of all that we do. The Group's financial stability and strength also enables us to seize opportunities in future growth areas where available, whilst still providing immediate returns to shareholders in the form of consistent dividends.

DELIVERING STEADY FINANCIAL PERFORMANCE

CSE Global's revenue stood at S$468.7 million in FY2021, from S$502.8 million in FY2020, attributable to lower contribution from large project revenues and time and material revenues in the Americas region impacted by Covid-19 pandemic, the severe winter in 1Q2021 and volatile energy prices. Meanwhile, this was mitigated by promising revenue growth in the Asia Pacific and EMEA regions as various cities within these economies commenced with the re-opening of their borders. As a result of lower gross profit (in line with lower revenues) and higher sales and operating costs, our net profit after tax and non-controlling interests of S$15.0 million for FY2021 was 46.4% lower from S$28.0 million in FY2020, while gross profit margins for the year remained relatively stable at around 29.0%, similar to FY2020 levels.

From a balance sheet standpoint, the Group continued to generate strong cash inflow from operations of S$36.3 million in FY2021. Our net debt position stood at S$48.9 million in FY2021, while net gearing remained low at 25.5% on an aggregate basis, with adequate headroom for working capital requirements.

This year, we saw a healthy 7.1% uptick in new orders received totalling S$462.1 million as compared to S$431.5 million in FY2020, with orders on the rise across our Energy and Infrastructure business sectors. The Energy sector's orders grew due to higher time and material jobs coupled with newly awarded power and electrification projects, while the Infrastructure sector saw higher orders of radio communication equipment and solutions, mainly driven by utility and government customers in Australia. The Mining & Minerals sector clinched lower new orders of S$48.7 million in FY2021, as compared to S$59.1 million in FY2020, where some of the larger greenfield mining projects were secured in Australia then.

In addition, we kicked off 2022 strongly by securing two major contracts worth approximately S$78.1 million in the Americas region in the first two months of the year. This marks another encouraging boost to our order intake, and speaks volumes of our customers' continued trust in our solutions and services, as well as our diverse set of engineering skillsets and expertise.

Both projects are expected to contribute positively to the Group's performance for the financial years from 2022 to 2024. The first major contract under our Infrastructure sector is for the design, engineering, fabrication, installation and integration of complex electrical and mechanical systems and solutions for the data centre market, and is slated for execution from 2Q2022 to 4Q2023.

The second major contract, secured under our Energy sector, relates to the maintenance and refurbishment of building management control systems for an offshore facility; spanning a duration of 3 years and due to conclude on 31 December 2024.

As at 31 December 2021, the Group's outstanding order book remained robust at S$229.4 million.

Despite the rapidly evolving macro-economic landscape, we continue to witness a healthy intake of orders across the sectors where we operate, and as we make headway into new segments such as data centres. This bears strong testament to the diversity of our skillsets which can be widely applied across multiple industries and sectors, as well as our adaptability and perseverance. Going forward, we intend to continue to focus on honing our competitive advantage and further build on our presence in the regions where we operate.

BUSINESS OUTLOOK BEYOND 2022

ENERGY

The Energy sector is our largest revenue contributor where we provide process control and energy solutions to the oil and gas sector, and our customers remain focused on their capital spending discipline this year. This resulted in fewer large greenfield and flow projects during the year, and foreseeably in the coming months. We expect similar challenges in the year ahead, which together with the higher operating and sales costs, will continue to weigh on the financial performance in the Americas region in 1H2022 but expect to improve in 2H2022.

In addition, we will focus on renewables systems within the Energy sector where we have been seeing increased interest – particularly as an increasing number of businesses around the globe have committed to transitioning to a long-term net-zero footprint. CSE Global has been delivering solutions in the renewables space since 2000s, and increasingly, we have also been developing technologies to reduce waste and adapt "greener", smarter ways to deliver efficient and effective solutions.

Meanwhile, we will also continue to look for complementary solutions and services to build and grow our onshore oil and gas business where opportunities arise. We believe that this approach will boost the revenue recognition for the Energy sector over the next few years.

INFRASTRUCTURE, MINING AND MINERALS

We also provide communications and security solutions for Infrastructure and the Mining & Minerals sectors. In FY2021, increasing demand for digitalisation and enhancements in physical and cyber security has translated to a continuous, steady project pipeline in our Infrastructure and Mining & Minerals sectors.

Our Infrastructure business relies heavily on Australia and Singapore's infrastructure investments. We will capitalise on opportunities to provide energy solutions to railway lines, ports, airports as well as new suburbs as Australia's government strives to plug its identified infrastructure gaps. At the same time, we will also leverage the Singapore government's adoption of Smart Nation Initiatives and related communications, security and cybersecurity and engineering technology projects, to further solidify our positioning in this space.

We also intend to strengthen the radio communications business in Australia through strategic acquisitions, while also replicating our business model in the two-way radio communications industry in other regions outside Australia.

We continue to see a stable financial performance in the Infrastructure and Mining & Minerals sectors, supported by a steady stream of projects arising from requirements in digitalisation and enhancements in physical and cyber security.

Going forward, we will expand our engineering capabilities and technology solutions to pursue new market opportunities and diversify into new markets (such as renewables and building automation) brought about by the emerging trends towards urbanisation, electrification and decarbonisation.

GROWING ALONGSIDE OUR CUSTOMERS

As our customers move to digitalise their businesses and improve physical security and cybersecurity, the Group will also embrace new solutions alongside them to deliver to their needs. We pride ourselves as a trusted, lifelong partner to our customers who always has their interests at heart, some of whom have been with us for over 30 years, and where 90% are repeat customers.

Acquisition remains a key growth strategy for us as an integral part of our long-term business plans to expand. We will explore both large acquisitions for inroads into new markets or capabilities at the Group level, and smaller bolt-on acquisitions for in-country expansion at the business unit

MESSAGE TO STAKEHOLDERS

level. Ultimately, we will work to acquire companies with specialised skills and technologies that are complementary to the existing businesses and strengthen our geographical coverage.

We will continue to look out for such value-accretive and strategic additions to grow our business for diversified and sustainable income streams, while acquiring within our means and maintaining our gearing at reasonable levels.

Our vision for the business remains clear and our outlook remains bright – buoyed by our robust order book, stable margins and steady flow business from our existing customer base's maintenance, system enhancement and upgrades and small greenfield orders.

CONSISTENT DIVIDEND TRACK RECORD

CSE Global has delivered 34 years of profitable growth in a steady and consistent manner, and we have also distributed consistent dividend payouts. Similarly, the Board of Directors has recommended a final one-tier tax-exempt dividend of 1.5 Singapore cents per share this year. Together with the interim dividend of 1.25 Singapore cents per share that was paid in 3Q2021, in aggregate, the dividends represent a payout of 94% of the Group's FY2021 net profit. The book closure date for the final dividend is 6 May 2022 and the dividend will be paid on 18 May 2022, subject to shareholders' approval at the forthcoming AGM.

PLAYING OUR PART FOR COMMUNITIES

At CSE Global, we are strong proponents of corporate citizenry across the regions where we operate. We commit our time and effort to giving back to our communities while pursuing our business objectives, with particular emphasis on community engagement and giving back through meaningful initiatives.

At CSE Australia and New Zealand, we held an event known as "R U OK Day 2021" where all offices attended a webinar with the objective to remind everyone that every day is the day to ask, "Are you OK?", with a guide on "How To" support those struggling with life's ups and downs. The "Salvation Army Christmas Appeal" event was also held this year, where every office hosted a food and gift drive to help those in need and less fortunate in the community.

Throughout 2021, CSE Americas supported many local non-profit organizations in our communities making positive impact on the lives of others. During the year, our CSE Americas team helped local homeless shelters prepare for the Arctic Cold front in Houston area by providing blankets and donating supplies to Salvation Army Wayne Bergstrom Center of Hope which serves homeless elderly citizens and homeless families with children. In times of need, we were able to mobilise immediately and support with Hurricane Ida relief efforts with donations of water and other supplies to support affected local residents. We have also conducted fund raising events, in partnership with Arrow Child and Family Ministries in Houston, to support children and families in need. Other charitable donations made during 2021 included these non-profit organisations: Marine Corps Coordinating Council of Southeast Texas, Mission Greenpoint, PTSD Foundation of America, etc.

During the year, CSE Americas' employees also participated in different sporting events and as a cook sponsor at many local fundraising and networking events that focused on non-profit and community support causes.

In Singapore, CSE Global made donations to KK Health Endowment Fund, Singapore Association of the Visually Handicapped, Touch Community Services Limited, HCA Hospice Care, Thye Hua Kwan Moral Charities and Promisedland Community Services in FY2021.

In 2021, a total of 21 CSE Global Engineering Bursaries were awarded: 10 bursaries to students in National University of Singapore, 4 bursaries to students in Nanyang Technological University, and 3 bursaries to students in Singapore University of Technology and Design, as well as 4 bursaries to our staff at CSE Global.

APPRECIATION

On behalf of the Board of Directors, we would like to thank our customers and business associates for their long-standing and continued support. To our shareholders, we appreciate your unwavering belief in our business and look forward to seeing you very soon at our Annual General Meeting.

The Board would also like to thank Mr Tan Hien Meng, who is not seeking for re-election in the forthcoming Annual General Meeting, for his past contributions and commitment to the Company.

Finally, we wish to convey our appreciation to the management team, as well as our staff for their dedication and hard work towards the Group's continued success. It has no doubt been another tough year as we traversed more unknowns and uncertainties. We remain steadfast in our commitment to delivering long-term value and steady returns to all our stakeholders, and we look forward to another exciting year ahead with you.

LIM MING SEONG
CHAIRMAN

LIM BOON KHENG
GROUP MANAGING DIRECTOR

BOARD OF DIRECTORS


1


2


3


4

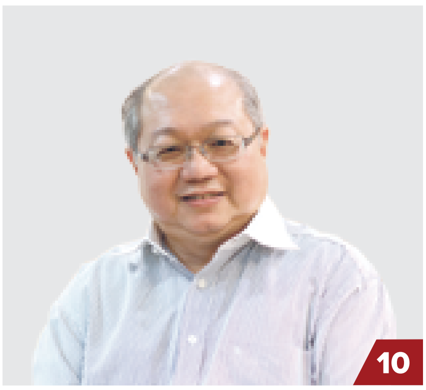

5


6


7


8


9


10

BOARD OF DIRECTORS

1. LIM MING SEONG
CHAIRMAN
NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr Lim Ming Seong was appointed as Non-Executive and Independent Director of CSE Global Limited on 17 January 1997 and has been the Board Chairman since then. He was also the Board Chairman of First Resources Limited and a Director of Starhub Limited but has since stepped down from these two companies in 2021. He held various senior positions within the Singapore Technologies (ST) Group from 1986 to 2002, where he left as Group Director. Prior to joining the ST Group, Mr Lim served as the Deputy Secretary with the Ministry of Defence, Singapore.

Date of first appointment as a director
17 January 1997

Date of appointment as Chairman
17 January 1997

Date of last re-election as a director
20 April 2021

Board Committee Membership
Nominating Committee (Chairman)
Compensation Committee (Chairman)
Investment Committee (Chairman)

Academic & Professional Qualification
- Bachelor of Applied Science (Honours) in Mechanical Engineering, University of Toronto
- Diploma in Business Administration, Former University of Singapore
- Advance Management Programs conducted by INSEAD and Harvard Business School
- Fellow, Institute of Engineers Singapore
- Fellow, Singapore Institute of Directors

Present Directorship
CSE Global Limited
U Mobile Sdn Bhd
Amplus Communication Pte Ltd
STT Communication Ltd
Singapore Technologies Telemedia Pte Ltd

Present Principal Commitments
Nil

Past Directorship held over the preceding five years
Aegis Medical Care Pte. Ltd.
STT GDC Pte. Ltd.
Whiterock^{N} Partners Ltd
First Resources Limited
CSE W-Industries, Inc
CSE Icon, Inc.
CSE (Americas) Pte. Ltd.
CSE Global (Americas) Pte. Ltd.
Starhub Limited

Past Principal Commitment held over the preceding five years
Nil

2. LIM BOON KHENG
GROUP MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER
EXECUTIVE DIRECTOR

Mr Lim Boon Kheng joined CSE Global Limited in 1999 as the Group Financial Controller. Prior to that, Mr Lim began his career in 1990 as an accountant with ULC Systems (FE) Pte Ltd. He then joined Singapore Technologies Pte Ltd in 1991 as an accountant and was promoted to various positions in the organisation. He is concurrently the Managing Director of CSE Global (Asia) Pte Ltd.

Date of first appointment as a director
13 August 2013

Date of last re-election as a director
18 April 2019

Board Committee Membership
Investment Committee (Member)

Academic & Professional Qualification
- Bachelor of Accountancy, National University of Singapore

Present Directorship
CSE Global Limited
Astib Group Pty Ltd (Australia)
Blackstar Services, LLC (United States)
CC American Oilfield, LLC (United States)
Converge Resources, Inc (United States)
CSE (Americas) Pte Ltd
CSE (Americas), Inc (United States)
CSE Communications & Security Pte Ltd
CSE Communications & Security Sdn Bhd (Malaysia)
CSE Crosscom (International) Pte Ltd
CSE Crosscom Pty Ltd (Australia)
CSE Crosscom UK Limited (United Kingdom)
CSE EIS Pte Ltd
CSE Global (Americas) Pte Ltd
CSE Global (Asia) Pte Ltd
CSE ICON, Inc (United States)
CSE New Zealand Ltd (New Zealand)
CSE Systems & Engineering (India) Private Limited (India)
CSE Transtel India Private Limited (India)
CSE W-Industries, Inc (United States)
CSE-Comsource Pty Ltd (Australia)
CSE-EIS (Malaysia) Sdn Bhd (Malaysia)
CSE-Global (Australia) Pty Ltd (Australia)
CSE-Hankin (Singapore) Pte Ltd
CSE-Hankin Inc (United States)
CSE-IAP Pte Ltd
CSE-ITS Pte Ltd
CSE-Transtel Pty Ltd (Australia)
CSE-Uniserve Corporation Pty Ltd (Australia)
CSE-Uniserve Pty Ltd (Australia)
Gulf Coast Power & Control of Louisiana, LLC (United States)
Transtel Engineering (Tianjin) Co Ltd (China)
Transtel Engineering (Nigeria) Ltd (Nigeria)
Transtel Engineering PNG Limited (Papua New Guinea)
Volta Properties, LLC (United States)
Volta Services, LLC (America)
Volta Technologies, LLC (America)
Volta,LLC (United States)
W-Industries of Louisiana, LLC (United States)
W-Industries of Texas, LLC (United States)

Present Principal Commitments
Group Managing Director/ Chief Executive Officer, CSE Global Limited

Past Directorship held over the preceding five years
Transtel Engineering Thailand Ltd (Thailand)

Past Principal Commitment held over the preceding five years
Nil

BOARD OF DIRECTORS

3. SIN BOON ANN
NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr Sin Boon Ann joined Drew & Napier LLC in 1992. He was the Deputy Managing Director of Drew & Napier's Corporate and Finance Department and the Cohead of the Capital Markets Practice before he retired to be a consultant with the firm in March 2018. Prior to joining Drew & Napier LLC, Mr Sin taught at the Faculty of Law of National University of Singapore from 1987 to 1992. Mr Sin was a Member of Parliament for Tampines Group Representation Constituency (GRC) from 1996 to 2011.

Date of first appointment as a director
13 May 2002

Date of last re-election as a director
20 April 2021

Board Committee Membership
Nominating Committee (Member)
Compensation Committee (Member)

Academic & Professional Qualification
- Bachelor of Arts and Bachelor of Laws (Honours) Degrees, National University of Singapore
- Master of Laws, University of London
- Member of the Academy of Law
- Member of Law Society of Singapore

Present Directorship
CSE Global Limited
Balkan Holdings Pte. Ltd.
Healthway Medical Corporation Limited
The Farrer Park Company Pte. Ltd.
W Capital Markets Pte. Ltd.
TIH Limited
Esseplore Pte. Ltd.
HRnetGroup Limited
Singapore Centre for Social Enterprise Ltd. (raiSE)
Rex International Holding Limited
OUE Limited
Tampines Central Community Foundation Limited
Sarine Technologies Ltd
The Trendlines Group Ltd
At-Sunrice (Holdings) Pte. Ltd.

Present Principal Commitments
Consultant, Drew & Napier LLC

Past Directorship held over the preceding five years
At-Sunrice Global Chef Academy Pte. Ltd.
Datapulse Technology Limited
DrewCorp Services Pte Ltd
Drew & Napier LLC
OSIM International Pte. Ltd.
SE Hub Ltd.

Past Principal Commitment held over the preceding five years
Director, Drew & Napier LLC

4. TAN HIEN MENG
NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr Tan Hien Meng has more than 30 years of experience in the oil & gas industry. He has held directorships in General Sekiyu KK (Japan), Esso Singapore Pte Limited, and Tuas Power Singapore. He has also held positions as President, Exxonmobil Trading Company Asia Pacific (2001 to 2003); Vice President, Standard Tankers Bahamas, a division of Exxonmobil Corporation; and Chairman, Exxonmobil Hongkong.

Mr Tan was a member of the National University of Singapore Biomolecular and Chemical Engineering Faculty Advisory Committee; Trading sub-committee of the Economic Restructuring Committee Singapore. He was Chairman of Siglap South Community Centre Management Committee and was awarded the public service medal (PBM) in 1999.

Date of first appointment as a director
1 November 2014

Date of last re-election as a director
27 May 2020

Board Committee Membership
Audit and Risk Committee (Member)

Academic & Professional Qualification
- Bachelor of Science Applied Chemistry (1st Class Honours), University of Singapore
- Member of the American Institute of Chemical Engineers

Present Directorship
CSE Global Limited

Present Principal Commitments
Nil

Past Directorship held over the preceding five years
Nil

Past Principal Commitment held over the preceding five years
Nil

5. TAN CHIAN KHONG
NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr Tan Chian Khong has approximately 35 years of experience in the audit industry in Singapore. He joined Ernst & Young LLP (then known as Turquands Ernst & Whinney) in 1981 and was a partner for 20 years until his retirement in June 2016.

Date of first appointment as a director
19 February 2019

Date of last re-election as a director
18 April 2019

Board Committee Membership
Audit and Risk Committee (Chairman)
Nominating Committee (Member)

Academic & Professional Qualification
- Bachelor of Accountancy, National University of Singapore
- Master of Business Administration, University of South Australia
- Master of International Environmental Management, University of Adelaide
- Member of the American Institute of Certified Public Accountants
- Fellow, Institute of Singapore Chartered Accountants
- Fellow, CPA Australia

Present Directorship
CSE Global Limited
SMRT Corporation Ltd
Alliance Bank Malaysia Berhad
Hong Leong Asia Ltd
The Straits Trading Company Limited
Casino Regulatory Authority of Singapore
Methodist Welfare Services
Trailblazer Foundation Ltd
Banyan Tree Holdings Limited

Present Principal Commitments
Nil

Past Directorship held over the preceding five years
Xinghua Port Holdings Ltd.
Temenggong Artists-in-Residence Ltd
AAS@217 East Coast Road Pte Ltd
Automobile Association of Singapore
Alliance Financial Group Berhad

Past Principal Commitment held over the preceding five years
Partner, Ernst & Young LLP

6. DR LEE KONG TING
NON-EXECUTIVE INDEPENDENT DIRECTOR

Dr Lee Kong Ting has been very active in the Process & Control industries for more than 40 years. He served 2 global companies in his working career during this period. He first served 23 years in The Foxboro Company USA, now is a Schneider Electric Company. The last position he held was Group President/Managing Director for Asia Pacific and he was in that position for 10 years.

Subsequently, he joined Yokogawa as Group President/MD for Asia Pacific and was then promoted to President & CEO of Yokogawa Electric International in charge of Global business outside Japan. In the same period, he was a Vice President and a Board Member of Management Board of Yokogawa Electric Corporation Japan. He was Chairman/Director of all Yokogawa Regional Headquarters globally including Europe, Americas, China, Russia, Australia and Asia Pacific during the same period. The last position he held was Consultant/Advisor for the Yokogawa Corporate Headquarters, and he was with Yokogawa for almost 20 years.

Date of first appointment as a director
1 February 2017

Date of last re-election as a director
27 May 2020

Board Committee Membership
Audit and Risk Committee (Member)
Compensation Committee (Member)

Academic & Professional Qualification
- Bachelor of Science in Electrical and Electronic Engineering, National Taiwan University
- Master of Science and PhD, both in Control Engineering, University of Bradford in the United Kingdom
- Chartered Engineer and Member of the Institute of Electrical Engineers in the United Kingdom

Present Directorship
CSE Global Limited

Present Principal Commitments
Nil

Past Directorship held over the preceding five years
Nil

Past Principal Commitment held over the preceding five years
Nil

BOARD OF DIRECTORS

7. NG SHIN EIN
NON-EXECUTIVE INDEPENDENT DIRECTOR

Ms Ng Shin Ein was appointed to the Board in 1 July 2020 and was last re-elected as a Director in 20 April 2021. She brings with her a blend of legal, business and diplomatic experience.

Ms Ng is a legally trained private equity entrepreneur and co-founder of Gryphus Capital, a pan-Asian private equity firm. Prior to this, Ms Ng spent a number of years at the Singapore Exchange where she was responsible for developing Singapore's capital market and bringing foreign companies to list in Singapore. Additionally, she was part of the Singapore Exchange's IPO Approval Committee, where she contributed industry perspectives and acted as a conduit between the market and regulators.

Ms Ng Shin Ein was admitted as an advocate and solicitor of the Singapore Supreme Court in 1998 and practiced as a corporate lawyer in Messrs Lee & Lee. Whilst at Messrs Lee & Lee, she advised clients on joint ventures, mergers and acquisitions and fundraisings.

Ms Ng has served on boards of companies listed on Nasdaq, the Singapore Exchange and the Australian Stock Exchange. She has steered some of these companies through their IPOs and seen others through their privatisations. She presently serves on the boards of Grab Holdings Inc, Starhub Limited, Avarga Limited and Singapore Land Limited. She is also on the Board of Governors of the Singapore International Foundation.

In 2015, Ms Ng was awarded the Friend of Labour award for her service as a board member of Fairprice.

Apart from corporate boards, Ms Ng serves as Singapore's Non Resident Ambassador to the Republic of Hungary. In 2021, Ms Ng was awarded the Commander's Cross, Order of Merit, the second highest civilian state award of Hungary.

Date of first appointment as a director
1 July 2020

Date of last re-election as a director
20 April 2021

Board Committee Membership
Audit and Risk Committee (Member)

Academic & Professional Qualification
- Degree in Law (LLB Honours), Queen Mary and Westfield College, University of London
- Postgraduate Diploma in Singapore Law, National University of Singapore

Present Directorship*
CSE Global Limited
Grab Holdings Inc
StarHub Ltd
Singapore International Foundation
Avarga Limited
Global Esports Federation
Singapore Land Group Limited
** Listed Companies and Non-Profit organisations*

Present Principal Commitments
Investments

Past Directorship held over the preceding five years
Dreamscape Networks Limited
Eu Yan Sang International Ltd
First Resources Ltd
Middle East Institute
NTUC Fairprice Cooperative Limited
Sabana Real Estate Investment Management Ltd
Working Capital Partners Ltd
Yanlord Land Group Limited

Past Principal Commitment held over the preceding five years
Nil

8. WONG SU YEN
NON-EXECUTIVE INDEPENDENT DIRECTOR

Ms Wong Su Yen brings over 25 years of experience in driving business strategy, strategic talent development, organisational transformation, operations re-design and risk management.

Ms Wong has served on the Boards of several public, private, and not-for-profit organisations in Australia, India, Indonesia, Myanmar, Singapore and the United States. She is the Chairman of the Singapore Institute of Directors, Chairman of Nera Telecommunications Ltd and also serves on the board of Yoma Strategic Holdings Ltd, First Resources Ltd, and Pegasus Asia.

Previously, Ms Wong was the CEO of the Human Capital Leadership Institute, and prior to that, she was Chairman (Singapore) for Marsh & McLennan Companies and Senior Partner and Managing Director, Southeast Asia at Mercer. Before joining Mercer, she held various roles in leading strategy consulting firm, Oliver Wyman, and was the Asia Managing Partner for the Communications, Information and Entertainment practice.

Date of first appointment as a director
1 July 2020

Date of last re-election as a director
20 April 2021

Board Committee Membership
Compensation Committee (Member)

Academic & Professional Qualification
- Bachelor of Arts (summa cum laude) in Music and Computer Science, Linfield University
- Master of Business Administration, University of North Carolina at Chapel Hill
- Fellow and Chairman, Singapore Institute of Directors
- Member of the Women Corporate Directors
- Member of the Young Presidents' Organisation
- Member of the Australian Institute of Corporate Directors

Present Directorship
CSE Global Limited
First Resources Ltd
Yoma Strategic Holdings Ltd.
Nera Telecommunications Ltd
PeopleStrong HR Services Pvt. Ltd.
PeopleStrong Pte Ltd
NTUC First Campus
The Teng Ensemble Ltd
National Kidney Foundation
Singapore Institute of Directors
Pegasus Asia
Kemin Industries, Inc.

Present Principal Commitments
Bronze Phoenix Pte Ltd

Past Directorship held over the preceding five years
Mediacorp Pte Ltd
CPA Australia

Past Principal Commitment held over the preceding five years
Human Capital Leadership Institute

9. DEREK LAU TIONG SENG
NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

Mr Derek Lau Tiong Seng joined Heliconia as CEO and Board member in April 2013. Prior to that, he was the Managing Director, Investment, with Temasek Holdings. In his 10 years tenor with Temasek, he headed the Industrials Cluster and also served as country head in Vietnam looking after investments in Vietnam, Myanmar, Cambodia and Laos.

Mr Lau has more than a decade of experience in investment banking before joining Temasek. He specialized in mezzanine debt, project finance, leveraged buyout and private equity investments.

Mr Lau is currently a member of the Listings Advisory Committee of Singapore Exchange Limited (SGX) and a member of ISEAS-Yusof Ishak Institute's Board of Trustees.

Mr Lau holds a Bachelor's degree in Business Administration from the National University of Singapore.

Date of first appointment as a director
22 July 2020

Date of last re-election as a director
20 April 2021

Board Committee Membership
Investment Committee (Member)

Academic & Professional Qualification
- Bachelor of Business Administration, National University of Singapore

Present Directorship
CSE Global Limited
Heliconia Capital Management Pte. Ltd.

Present Principal Commitments
Chief Executive Officer, Heliconia Capital Management Pte. Ltd.

Past Directorship held over the preceding five years
CPG Corporation Pte Ltd
Group One Holdings Pte. Ltd.
Singapore Institute of Directors
Singapore Cooperation Enterprise
The UWCSEAS Foundation Limited

Past Principal Commitment held over the preceding five years
Nil

BOARD OF DIRECTORS

10. LIM HOW TECK
NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

Mr Lim How Teck is currently Chairman of Heliconia Capital Management Pte. Ltd. and Redwood International Pte Ltd (an investment & consultancy company). He is also the Chairman of ARA LOGOS Logistics Trust and a Board Director of a number of listed and private companies.

Mr Lim has an in-depth knowledge of the shipping industry, having been with the NOL Group from 1979 to 2005 where he held various positions such as Executive Director, Group CFO, Group COO and Group Deputy CEO.

Mr Lim has extensive international qualifications and experience in business financing and accounting. Prior to joining NOL, he worked in Coopers & Lybrand (an international accounting firm) and Plessey Singapore (a multi-national trading and manufacturing company).

Date of first appointment as a director
22 July 2020

Date of last re-election as a director
20 April 2021

Board Committee Membership
Audit and Risk Committee (Member)
Nominating Committee (Member)

Academic & Professional Qualification
- Bachelor of Accountancy Degree, University of Singapore
- Corporate Financial Management Course and Advanced Management Program, Harvard Graduate School of Business
- Fellow, Chartered Institute of Management Accountants of UK
- Fellow, Institute of Certified Public Accountants of Singapore
- Fellow, Singapore Institute of Directors

Present Directorship
CSE Global Limited
Redwood International Pte. Ltd.
ARA LOGOS Logistics Trust
Mizuho Securities (Singapore) Pte. Ltd.
Heliconia Capital Management Pte. Ltd.
Heliconia Holdings Pte. Ltd.
Singapore DTT Corporation Ltd
Raffles Education Corporation Limited
Aetius SEA Acquisition Corp Inc
Aetherium Acquisition Corp
FEU International Pte Ltd (Huobi)

Present Principal Commitments
Nil

Past Directorship held over the preceding five years
The Foundation for Development Cooperation (Pacific) Ltd
Swissco Holdings Ltd
Mewah International Inc
Public Utilities Board
Accuron Technologies Ltd
ARA Asset Management Ltd
Rickmers Trust Management Pte Ltd
PNG Sustainable Development Program
Greenship Offshore Manager Pte Ltd
33 Ventures Pte Ltd
NauticAWT Limited
The Foundation for Development Cooperation
Nexusun International Pte. Ltd.
Yang Kee Logistics (Singapore) Pte Ltd

Past Principal Commitment held over the preceding five years
Nil

KEY MANAGEMENT

EDDIE FOO, 50

Mr Eddie Foo is the Group Chief Financial Officer of the Company. Mr Foo is responsible for the Group's overall financial strategy and management, corporate finance and treasury management, tax and investor relations. Mr Foo has over 25 years of financial management, corporate finance and merger and acquisitions experience in listed and multinational companies. Prior to joining CSE Global, Mr Foo was the Group CFO of ECS Holdings Limited, a public listed company on SGX. Mr Foo holds a Bachelor degree in Accountancy from the Nanyang Technological University and is both an Australian registered Certified Public Accountant and a Chartered Accountant registered with the Institute of Chartered Accountants of Singapore.

ROY ROWE, 64

Mr Rowe was appointed as the Chief Executive Officer of the CSE Global Australian and New Zealand operations in 2011. Roy has over 30 years of experience working in the mining, oil and gas, construction and infrastructure industries delivering products, engineering, project management and integration solutions. Roy's experience includes delivering major construction projects and managing international engineering and construction organisations throughout Australia and the Asia region.

DONNIE SMITH, 49

Mr Smith was appointed as the Chief Executive Officer of CSE Americas Inc. in May 2018 and is concurrently the President and Chief Operating Officer of CSE W-Industries of Louisiana, a wholly owned subsidiary company of CSE Global Ltd since November 2014. Mr Smith has over 25 years of Upstream Oil & Gas experience, including his 13 years' working experience from 2005 to 2018 as President and Operations Manager of Control Concepts & Technology, a CSE W-Industries company.

LEONG SAY HAUR, 62

Mr Leong is the Chief Operating Officer of the Company, with overall strategic and business operational responsibility for CSE-ITS, CSE-IAP, CSE-EIS and CSE Communications & Security Pte Ltd. Mr Leong joined CSE Communications & Security Pte Ltd as Managing Director in July 2013. His career experience spans 33 years with leading US technology firms and a decade with locally listed company dealing in oil & gas, telecommunications, banking, defence, security, plus consulting & integration services. Mr Leong was also a board member (2005-2011) and Deputy Chairman (2009-2011) of IPOS (Intellectual Property of Singapore). He holds a Bachelor of Arts (Economic & Finance) from University of Western Ontario, Canada.

INNOVATING TO ACCELERATE

We have a strong track record in developing and providing innovative solutions to our customers, enabling us to build a strong order book that helps us accelerate

OUR BUSINESS

PROCESS CONTROL

Many of our mission critical solutions are used in highly integrity environments

PROCESS CONTROL SYSTEM

CSE provides process control solutions that utilise supervisory control and data acquisition systems (SCADA), distributed control systems (DCS), programmable logic controllers (PLCs), motors, drives and plant transducers. Many of our mission critical solutions are used in highly integrity environments such as oil & gas, power and nuclear installations, with client processes being wholly dependent on the control system.

SAFETY SHUTDOWN SYSTEM

CSE has been providing safety critical solutions for nearly 30 years. During this time our expertise has been applied to oil, gas and power facilities where we have supplied the following systems:

- Emergency Shutdown Systems
- Process Shutdown Systems
- Integrated Control & Safety Systems

CSE has supplied many different types of safety critical systems utilising a range of technologies from relays and solid state (hardwired systems) through to redundant PLC, DCS and TMR system architecture (software based systems). Over time, these systems have evolved with advances in both the technology and the methods of implementation and validation. Our safety critical systems are implemented to ensure protection of plant and personnel in potentially hazardous environments.

FIRE & GAS DETECTION SYSTEM

Fire and Gas Detection systems are of paramount importance to project plant, production and personnel. CSE specialises in the provision and implementation of high integrity fire and gas detection systems to significantly reduce the risk of incidents.

CSE offers a range of solutions to monitor combustible gas, toxic gas, smoke and fire through the production facility, and provide control action for suppression, alarming and process shutdown.

SCADA

Recognised as one of the market leaders, CSE has supplied SCADA (Supervisory Control & Data Acquisition) systems to a wide range of industries through the world. CSE's SCADA system integrates a real time database with business systems to provide totally managed asset-base solutions and automated predictive based decisions.

WELLHEAD CONTROL SYSTEM

CSE provides hydraulic and/or pneumatic solutions to control dry wellhead valves and flowlines, in single or multi-headed wellhead systems. The wellhead control panel logic is often interfaced to and/or controlled by the facility safety system.

SUBSEA CONTROL SYSTEM

CSE has been providing Subsea Control systems since 1995 and is known as one of the premier suppliers of Subsea control systems around the world, especially in the Western hemisphere.

Our products and services are installed on production facilities as well as on drilling rigs and include:

- Engineering FEED and Interface Management service provided to Subsea Equipment Vendors and Operators
- Master Control Station (MCS): PLC-based control system that monitors and controls the entire subsea field and interfaces it with the facility Control and Safety system and Historian.

- Hydraulic Power Unit (HPU): HPU skid is responsible for providing reliable and clean hydraulic fluid at high pressures to the subsea controllers/ actuators.
- Topsides Umbilical Termination Assembly (TUTA): Interfaces the subsea umbilical with all topsides controls, utilities, and Chemical Injection lines.
- Intervention and Workover Control System (IWOCS): This typically includes HPU and Operator cabin designed to be deployed in harsh hazardous area on the drilling rigs along with all the associated Subsea control panels such as the MCS and EPU.
- Fully managed Maintenance and life-of-the-field support contracts.

PROCESS SKID SYSTEM

CSE's chemical injection system, which consists of the skid assembly housing pumps, reservoirs, measurement and control devices and distribution circuitry, is used to disperse a wide array of treatment chemical into the production flow lines. Chemical injection is most often applied to subsea wellheads on offshore facilities.

ELECTRICAL DRIVE AND HIGH/ MEDIUM VOLTAGE SYSTEMS

CSE's power conversion business incorporates various types of electrical control equipment including low/ medium voltage variable speed drives and solid state soft starters, slip energy recovery drives and liquid resistance starters, all centred around the starting, running and electronic speed control of low, medium and high electric motors.

ELECTRICAL PROTECTION AND CONTROL SYSTEM

The protection system mainly deploys the GE Multilin range of products which cover motor protection, feeder protection, line protection, transformer protection and generator protection The offerings include industrial network and network security design and implementation to protect real-time process control and SCADA systems of critical infrastructure systems.

REAL-TIME INFORMATION SYSTEM

CSE provides a range of Real-time Information Systems (RtIS) solutions and services that are used by customers worldwide in the monitoring, analysis, automation and optimisation of their production processes. These RtIS solutions deliver timely and accurate plant information to the desktops of personnel in various disciplines, such as operations, process, engineering, maintenance and quality, thereby ensuring that informed business decisions are made in real time.

INTELLIGENT TRANSPORT SYSTEM (ITS)

Intelligent Transport System (ITS) is an application of advanced technologies such as electronics, communication, control and information technology for the benefit for more effective transportation. CSE has built up and established its competency and capability to provide intelligent transportation solutions such as:

- Electronic Road Pricing System (Congestion Charging)
- Electronic Toll Collection System
- Motorway and Tunnel Management System
- Urban Traffic Control System
- Communication Backbone System
- Electronic Information Display System

I&E CONSTRUCTION

I&E Construction is performed in offshore fabrication yards and offshore sites. It consists of installing the facility electrical power distribution cabling, control system cabling, fire & gas detection system and cabling, lighting system communication network and cabling, and instrumentation tubing systems. Commissioning, calibration services and commissioning services are also included.

MULTIPLE HEARTH FURNACE

CSE's Multiple Hearth Furnace is a fully developed product which has established market recognition and product acceptance in municipal and industrial markets. The multi hearth is extremely flexible making it highly advantageous for use in several thermal processing areas, including wastewater treatment, carbon regeneration, carbon activation, drying, roasting, calcining and reduction.

FLUID BED INCINERATOR

The fluid bed incinerator provides an environmentally sound method of reducing wastewater sludge, hazardous wastes and liquid wastes to a sterile, insert ash. Typically the ash is approximately 5% of the volume of feed, significantly extending the life of existing landfill and reducing the cost of their operation.

CARBON AND ENERGY RECOVERY SYSTEMS

CSE combines state-of-the-art carbonisation, activation, waste heat recovery and power generation technologies to provide a sustainable solution for production of wood lump charcoal, activated carbon and electricity.

ROTARY KILN INCINERATOR

The rotary kiln incinerator is a horizontal refractory-lined steel chamber which rotates on a slight incline and is capable of incinerating a wide variety of hazardous and non hazardous waste materials. The rotary kiln can accept a wide variety of wastes such as containerised solids, bulk solids, drums, contaminated soils, spent catalysts, in addition to sludges and liquids.

OUR BUSINESS

COMMUNICATION & SECURITY

CSE has the capability to design communications network system solutions

COMMUNICATION & SECURITY

CSE designs, installs and maintains two-way radio communications for both permanent and temporary locations. CSE offers turnkey packaged solutions or will provide rental and managed systems.

CSE's two-way radio systems offer the latest in personnel safety management and personnel tracking, location and "man down" alert systems.

VSAT SATELLITE COMMUNICATIONS NETWORKS

VSAT satellite systems are typically used in remote areas where conventional telecommunications are not accessible, or to backup other communications to form high reliability networks. The systems can be scaled to provide complete corporate facilities or only emergency fallback. CSE can provide VSAT systems for voice, data, remote monitoring and video conferencing. We can also provide the bandwidth or space segment required for a complete turnkey solution.

FIBRE OPTIC SYSTEMS

Fibre optic networks offer the highest throughput of all commonly used forms of communications. The networks are also more secure and reliable than copper or wireless networks. CSE has the capability to design, construct and commission fibre optic networks for hazardous and industrial applications.

MICROWAVE RADIO SYSTEMS

Microwave radio systems can provide point-to-point or point-to-multipoint communications. CSE provides complete system engineering for micro wave systems. Our services include, site surveys, path analysis, spectrum planning, equipment recommendations and construction. Our system design can also incorporate solar and emergency diesel power as well as structural analysis and construction of towers.

CONVENTIONAL & TRUNKED RADIO SYSTEMS

Conventional two-way radio networks have evolved into complex digital trunked systems providing highly reliable, secure communications that can be delivered across a single site, along a corridor hundreds of kilometres long, through an underground tunnel or even linking multiple sites. These systems not only provide two-way voice communications but are now an integral part of companies OH&S policy, providing GPS tracking, man down emergency alarm and many other features including wireless data messaging. CSE has many years of experience in this area having designed, constructed and commissioned both analogue and digital trunked radio systems (TETRA and APC025) that now support many thousands of terminals.

PUBLIC ADDRESS & GENERAL ALARM SYSTEMS (PAGA)

These are essential safety systems which alert personnel within a plant in the event of an emergency. CSE builds and engineers the systems to individual client requirements as this may require integrating the PAGA system with many different legacy plant systems. As part of the design work, CSE can also perform sound analysis and coverage studies to ensure audible, clear sound coverage is achieved in all areas where personnel need to be alerted.

CCTV, ACCESS CONTROL & FIDS SYSTEMS

CSE can provide high-quality CCTV systems designed for remote monitoring of plant and equipment as well as providing surveillance for security applications. Our systems are designed to comply with the highest intrinsic safety standards for operating in hazardous areas and are used extensively by the oil and gas industry.

TELEPHONE NETWORKS

Plant-wide telephone networks connected to, or integrated with, large corporate telephony networks are essential infrastructure for almost all industrial plants. As part of our overall solutions, CSE can work with clients to design telephony systems for greenfield sites incorporating the latest IP technology or integrate legacy TDM or circuit switched technology into new networks.

LAN/WAN NETWORKS

Local and wide area networks are the key to underlying infrastructure required to support plant-wide data communications.

They enable computers and other devices to communicate with servers, company intranets and the internet. CSE provides design and construction services for LAN and WAN networks using fibre, copper, wireless or combinations or these mediums. CSE works with clients to ensure the design is engineered to meet their reliability requirements, this may include multiple levels of redundancy, fire resistant materials, etc.

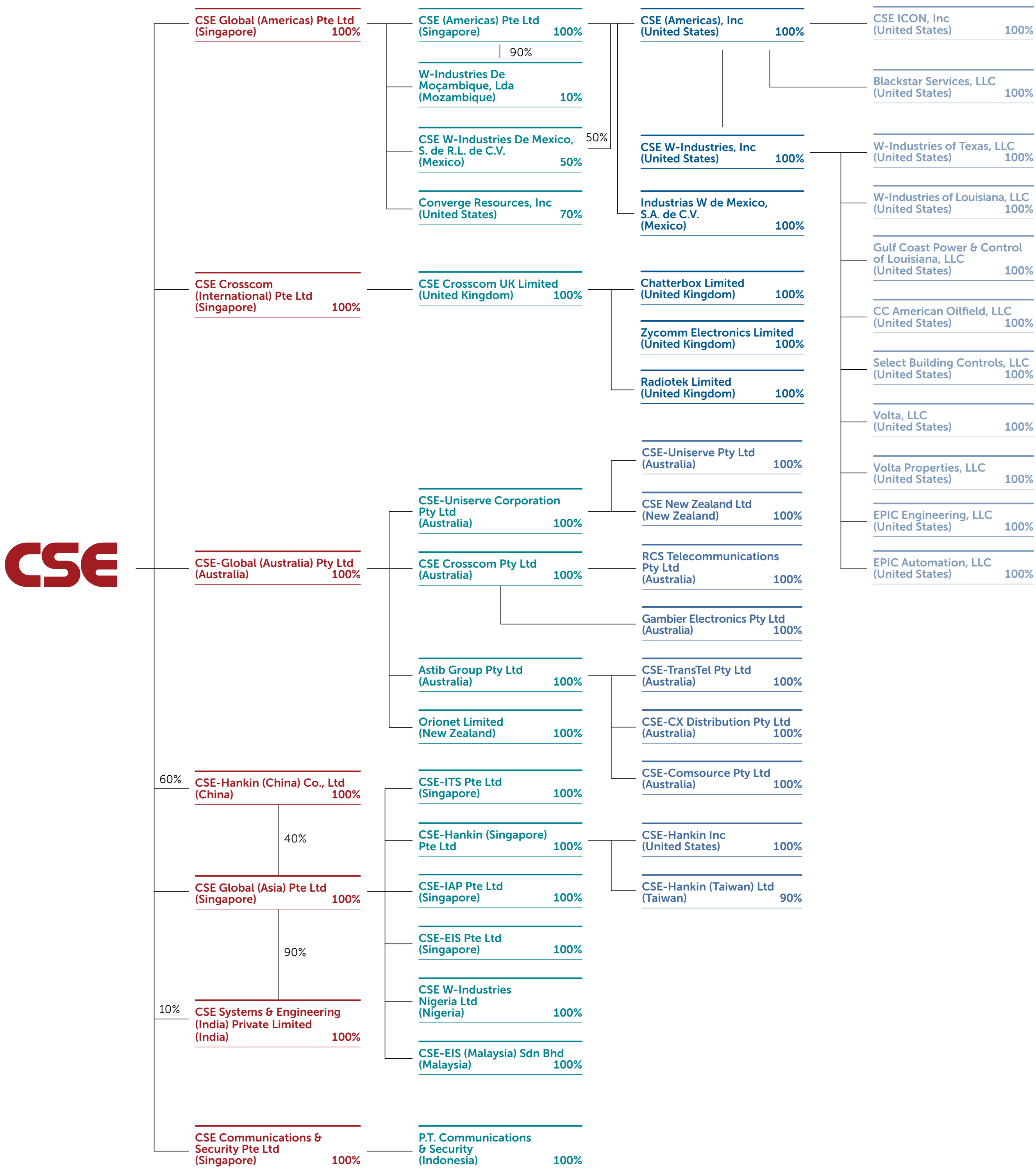
IP-BASED NETWORKS

IP (Internet Protocol) is the dominant standard used by almost all equipment vendors as the default communications protocol. CSE provides IP network designs for clients enabling IP devices to communicate with other devices while protecting them from unauthorised access. The network design can incorporate automatic failover switching, remote monitoring and traffic reporting.

SCADA & TELEMETRY NETWORKS

CSE understands the special requirements for SCADA and Telemetry networks. While these networks are rapidly moving to a common IP protocol they still require a higher level of engineering than corporate data networks. CSE has a sound record in the design and construction of high reliability SCADA/Telemetry networks, including the integration of legacy serial systems with IP-based systems.

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Lim Boon Kheng (Group Managing Director)

Non-Executive

Lim Ming Seong (Chairman, Independent)
Sin Boon Ann (Independent)
Tan Hien Meng (Independent)
Dr Lee Kong Ting (Independent)
Tan Chian Khong (Independent)
Ng Shin Ein (Independent)
Wong Su Yen (Independent)
Lim How Teck (Non-Independent)
Derek Lau Tiong Seng (Non-Independent)

AUDIT AND RISK COMMITTEE

Tan Chian Khong (Chairman)
Tan Hien Meng
Dr Lee Kong Ting
Ng Shin Ein
Lim How Teck

NOMINATING COMMITTEE

Lim Ming Seong (Chairman)
Tan Chian Khong
Sin Boon Ann
Lim How Teck

COMPENSATION COMMITTEE

Lim Ming Seong (Chairman)
Dr Lee Kong Ting
Sin Boon Ann
Wong Su Yen

INVESTMENT COMMITTEE

Lim Ming Seong (Chairman)
Lim Boon Kheng
Derek Lau Tiong Seng

COMPANY SECRETARY

Chester Leong

REGISTERED OFFICE

1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Tel : 65-6536 5355
Fax : 65-6536 1360

BUSINESS OFFICE

202 Bedok South Avenue 1
#01-21 Singapore 469332
Tel: 65-6512 0333
Fax: 65-6742 9179

SHARE REGISTRAR

Boardroom Corporate & Advisory
Services Pte Limited
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Tel : 65-6536 5355
Fax : 65-6536 1360

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Audit Partner-in-charge:

Andrew Tan Chwee Peng
(since financial year ended 31 December 2020)

PRINCIPAL BANKERS

Bank of East Asia Ltd
BNP Paribas
Citibank Singapore Limited
CTBC Bank Co., Ltd
DBS Bank Limited
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
Taipei Fubon Commercial Bank
The Hong Kong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

GLOBAL PRESENCE

1. UNITED STATES

CSE W-Industries, Inc
W-Industries of Texas, LLC
CSE Americas, Inc
11500 Charles Street
Houston, Texas 77041, USA
Tel: 1-713-466-9463
Fax: 1-713-466-7205
Web: www.w-industries.com

W-Industries of Texas – Thora Lane
8303 Thora Lane
Spring, Texas 77379, USA
Tel: 1-337-993-7425
Fax: 1-337-993-7427
Web: www.w-industries.com

Control Concepts & Technologies – Pearsall
3093 County Road 1005
Pearsall, Texas 78061, USA
Web: www.w-industries.com

Control Concepts & Technologies – Pecos
2800 Hwy 17
Pecos, Texas 79772, USA
Tel: 1-713-466-9463
Fax: 1-713-466-7205
Web: www.w-industries.com

Control Concepts & Technologies – Bosco
120 Shadeland Lane
Maurice, Louisiana 70555, USA
Web: www.w-industries.com

CC American Oilfield, LLC
R-M Transactions, LLC
4826 Santa Elena St.
Corpus Christi,
Texas 78405, USA
Tel: 1-361-8846 774
Fax: 1-361-8848 210
Web: www.aos-tx.com

Volta LLC
1616 Gears Rd.
Houston, TX 77067, USA
Tel: 832-369-2420
Fax: 832-415-0356
Web: www.volta-us.com

CSE ICON, Inc
Texas Office:
2829 Technology Forest Blvd.
Suite 460, The Woodlands,
Texas 77381, USA
Tel: 1-281-6701 010
Web: www.cse-icon.com

Louisiana Office:
100 Central street Suite 100
Lafayette, LA 70501, USA
Tel: 1-337-419-2799
Web: www.cse-icon.com

W-Industries of Louisiana, LLC – Automation
7620 Johnston Street
Maurice, LA 70555, USA
Tel: 1-337-2334 537
Fax: 1-337-2336 452
Web: www.w-industries.com

W-Industries of Louisiana, LLC
7616 Johnston Street
Maurice, LA 70555, USA
Tel: 1-337-2334 537
Fax: 1-337-2336 452
Web: www.w-industries.com

Gulf Coast Power & Control of Louisiana, LLC
109 N. Cities Service Highway
Sulphur, LA 70663, USA
Tel: 1-337-625-8333
Fax: 1-337-625-6444

EPIC Automation LLC
EPIC Engineering LLC
3184 Hwy 69N. Access Rd
Nederland, TX 77627, USA
Tel: 409-670-9393

CSE-Hankin Inc.
One Harvard Way, Suite 6
Hillsborough, New Jersey 08844, USA
Tel: 1-908-722-9595
Fax: 1-908-722-9514
Web: www.hankines.com

W-Industries of Louisiana, LLC – New Mexico
2804 San Jose Blvd
Carlsbad, NM 88220, USA
Tel: 575-236-4115

Industrias W de Mexico, S.A. de. C.V.
Avenida del Mar No. 46
Col. Bibalvo, Cd. Del Carmen,
Campeche, CP 24158, Mexico
Tel: 938-118-2631
Fax: 938-118-2914
Web: www.industriaswmexico.com

CSE W-Industries De Mexico, S. de R.L. de C.V.
Boulevard Miguel de Cervantes Saavedra
No. 169, Suite 15-114
Colonia Granada, Delegación Miguel
Hidalgo, Ciudad de México, 11520, Mexico

2. EUROPE/ MIDDLE EAST & AFRICA

Chatterbox Limited
1 Guards Avenue,
The Village, Caterham-on-the-Hill,
Surrey CR3 5XL
Tel: +44 (0) 20 7183 4391

Regional Office:
Kent Innovation Centre
Thanet Reach Business Park
Millennium Way, Broadstairs
Kent CT10 2QQ
Web: www.cse-chatterbox.com

Zycomm Electronics Ltd
51 Nottingham Road, Ripley DE5 3AS
Tel: +44 (0) 17 7357 0123
Web: www.zycomm.co.uk

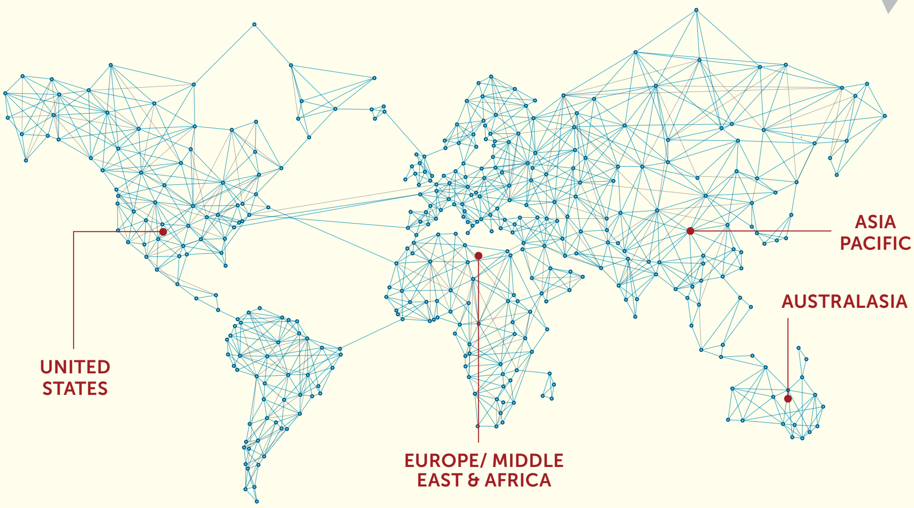
Radiotek
Unit 8 Silver End Business Park, Brettell
Lane, Brierley Hill, West Midlands DY5 3LG
Tel: +44 (0) 13 8426 2100
Web: www.radiotek.co.uk

3. ASIA PACIFIC

CSE Global Limited
CSE Global (Asia) Pte Ltd
CSE-IAP Pte Ltd
CSE-EIS Pte Ltd
CSE-ITS Pte Ltd
CSE-Hankin (Singapore) Pte Ltd
CSE Communications & Security Pte Ltd
202 Bedok South Avenue 1
#01-21, Singapore 469332
Tel: 65-6512 0333 / 65-6276 7600
Fax: 65-6742 9179 / 65-6276 7800
Web: www.cse-global.com
Web: www.cse-comsec.com

PT CSE Communications & Security
12th Floor Menara Topas
Jalan M.H. Thamrin Kav 9,
Kelurahan Gondangdia,
Kecamatan Menteng
Jakarta Pusat 10350, Indonesia
Tel: 62 21 2123-1711
Fax: 62 21 2123-1705
Web: www.cse-comsec.com

CSE-EIS (Malaysia) Sdn Bhd
Suite 3.02, 3rd Floor, Mercu PICORP,
Lot 10, Jalan Astaka U8/84
Bukit Jelutong, Business & Technology
Centre, 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia
Tel: 603-7846-8580
Fax: 603-7846-9580



CSE Systems & Engineering (India) Private Limited
No. 3, 3rd Floor, 100ft Road
2nd Stage, 1st Phase, BTM Layout
Bangalore – 560 076, India
Tel: 91-80-2678-3302 / 303 / 304

CSE-Hankin (China) Co., Ltd
05-07, 1/F Tower 2, Zone 2, Hanwei International, No.186 South 4th Ring Xi Lu, Fengtai District, Beijing 100070 China
Tel: 86-10-8201-4593/4594
Fax: 86-10-8201-4600

CSE-Hankin (Taiwan) Ltd.
3F.-2, No.11, Minquan W. Rd., Zhongshan Dist., Taipei City 104026, Taiwan (R.O.C.)
Tel: (886) 2 25080660
Fax: (886) 2 25595020

4. AUSTRALASIA

CSE-Global (Australia) Pty Ltd
Level 3 /1050 Hay Street,
West Perth WA 6005
Tel: 61-8-9204-8000
Web: www.cse-australia.com

CSE-Uniserve Pty Ltd
10 Columbia Way, Baulkham Hills,
New South Wales 2153, Australia
Tel: 61-2-8853 4200
Fax: 61-2-8853 4260
Web:www.cse-uniserve.com.au

Gambier Electronics Pty Ltd
20 White Avenue
Mount Gambier SA 5290, Australia
Tel: 61-8-8723 2122
Fax: 61-8-8723 0630
Web: www.gambierelectronics.com.au

CSE-Crosscom Pty Ltd – Traralgon
368 Princes Highway,
Traralgon East, VIC 3844, Australia
Tel: 61-3-9322 1500
Fax: 61-3-9328 3737
Web: www.crosscom.com.au

CSE-Uniserve Pty Ltd – Queensland
6/505 Lytton Road, Morningside,
Queensland 4170, Australia
Tel: 61-7-3861 7777
Fax: 61-7-3861 7700

RCS Telecommunications Pty Ltd
Level 1 – The Annexe, 133 Mary Street,
Brisbane QLD 4000, Australia
Tel: 61-7-3228 0800
Email: sales@rcst.com.au

Dalby Branch
142 Drayton Street, Dalby QLD 4405
Tel: 61-7-4669 9300
Email: sales@rcst.com.au

Mackay Branch
11 Transport Avenue, Paget QLD 4740
Tel: 61-7-4898-0600
Email: sales@rcst.com.au

Moranbah Branch
Unit 7, 30 Thorpe Street,
Moranbah QLD 4744
Tel: 61-7-4846 4700
Email: sales@rcst.com.au

Mount Isa Branch
39 Barkly Highway, Miles End,
Mount Isa QLD 4825
Tel: 61-7-4744 9200
Email: sales@rcst.com.au
Web: www.rcst.com.au

CSE New Zealand Limited
CSE-Genesis
15 Polaris Place, East Tamaki,
Auckland 2013, New Zealand
Tel: 64-9-271 3810
Fax: 64-9-265 1362
Web: www.cse-waf.co.nz
Web: cse-genesis.nz

CSE-Comsource Pty Ltd – Main Office & Warehouse
CSE Crosscom Pty Ltd
CSE-Uniserve Pty Ltd – Western Australia
45 King Edward Road
Osborne Park 6017, Western Australia
Tel: 61-8-9204 8000
Fax: 61-8-9204 8080
Web: www.cse-australia.com

CSE-Uniserve Pty Ltd – Victoria
CSE-Crosscom Pty Ltd
664 Lorimer Street, Port Melbourne,
VIC 3207, Australia
Tel: 61-3-9245 1700 / 9322 1500
Fax: 61-3-9245 1750 / 9328 3737
Web: www.cse-uniserve.com.au
Web: www.crosscom.com.au

RCS Telecommunications – Gladstone Office
1/121 Hanson Road Gladstone 4680
Queensland, Australia
Tel: 61-8-4972 8666
Fax: 61-8-4972 8555

CSE-Comsource Pty Ltd – Darwin Office
CSE Crosscom Pty Ltd
Comm8
434 Stuart Highway, Winnellie 0821,
Northern Territory Australia
Tel: 61-8-8947 2400
Fax: 61-8-8947 2411
Web: www.cse-comsource.com

CSE Crosscom Pty Ltd – South Australia
10 Wirriga Street, Regency Park,
South Australia 5010
Tel: 61-8-8273 9555
Web: www.tetracom.com.au

CSE-Crosscom Pty Ltd – Tasmania
47-49 McKenzie Street,
Mowbray, TAS 7248, Australia
Tel: 61-3-6323 8800
Web: www.crosscom.com.au

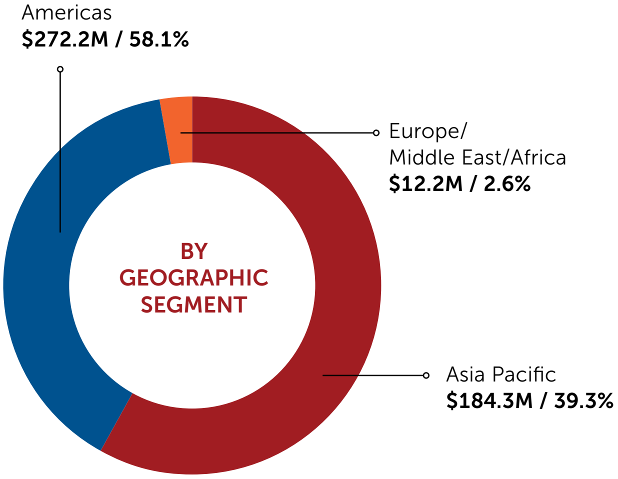
CSE New Zealand Limited – Christchurch
3/69 Coleridge Street, Christchurch,
New Zealand 8023
Tel: 64-3-366 7692
Fax: 64-3-379 5895
Web: www.cse-waf.co.nz

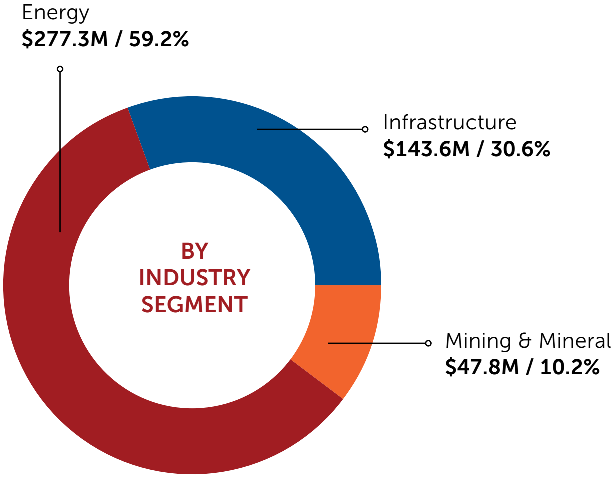
PERSEVERING TO ASCEND

We are committed to integrate sustainable solutions in our long-term planning, as we set our sights to ascend to new heights

FINANCIAL HIGHLIGHTS

REVENUE BREAKDOWN



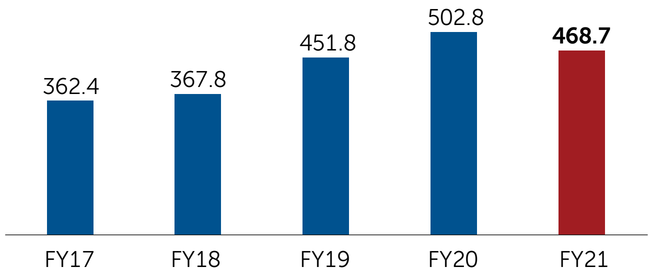


REVENUE	NET PROFIT	EARNINGS PER SHARE
$468.7M	$15.0M	2.93¢
-6.8%	-46.4%	-46.6%

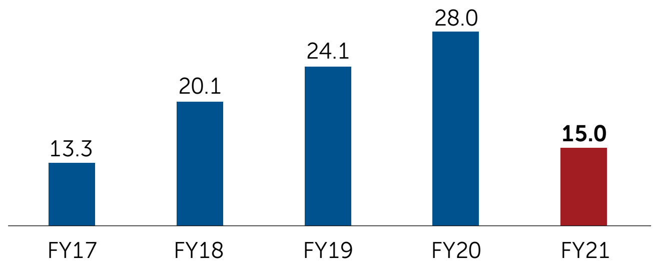
CASH FLOW FROM OPERATIONS	DIVIDEND PER SHARE	RETURN ON EQUITY
$36.3M	2.75¢	7.8%
-25.1%	0.0%	-6.8p.p.

ORDER INTAKE	ORDER BOOK
$462.1M	$229.4M
7.1%	-2.8%

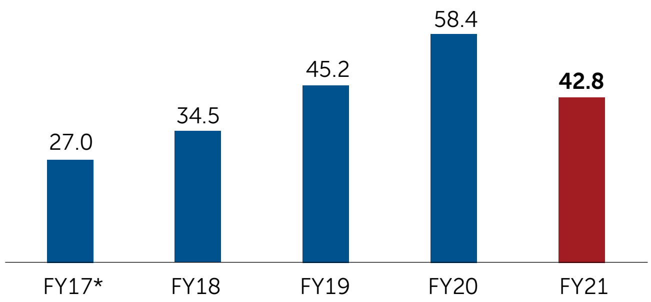
▲ TURNOVER
(S$' Million)



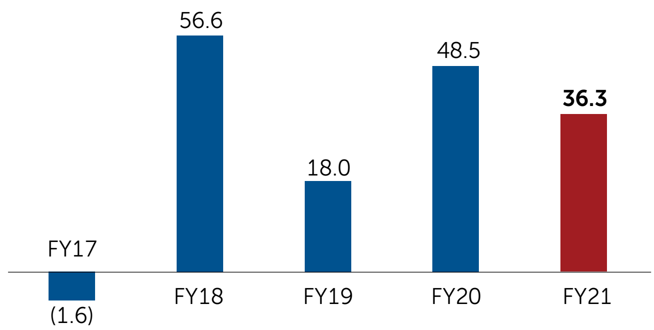
PROFIT ATTRIBUTABLE TO SHAREHOLDERS BEFORE EXCEPTIONAL ITEMS
(S$' Million)



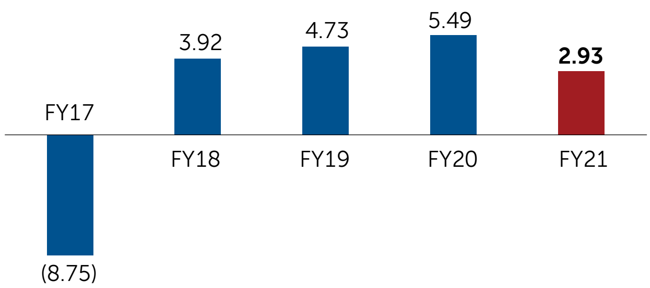
▲ EBITDA
(S$' Million)



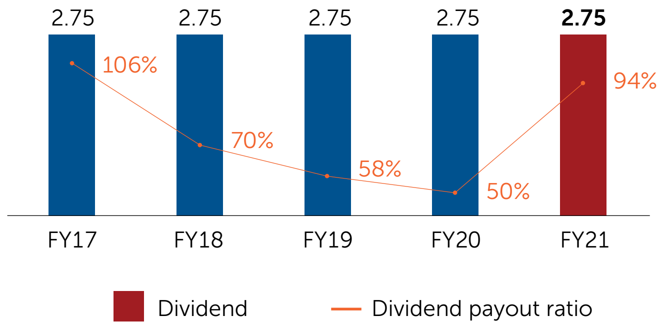
CASH FROM OPERATIONS
(S$' Million)



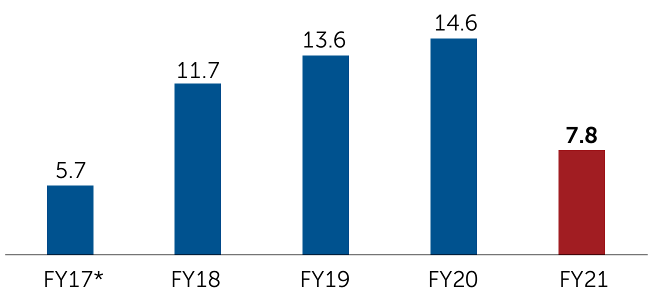
EARNINGS PER SHARE
(Cents)



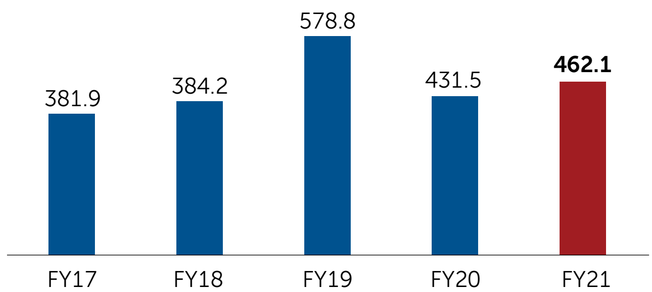
DIVIDEND PER SHARE
(Cents)



RETURN ON EQUITY
(S$' Million)



▲ ORDER INTAKE
(S$' Million)



▲ Turnover, EBITDA and Order Intake prior to FY19 include discontinued operation

**FY17 EBITDA and Return On Equity is before exceptional items*

OPERATIONS AND FINANCIAL OVERVIEW

S$'000	2021	2020	CHANGE %
Revenue	468,661	502,789	-6.8%
Gross profit	135,877	146,199	-7.1%
Operating expenses	115,740	109,404	5.8%
Earnings before interest and tax (EBIT)	22,306	39,306	-43.3%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	42,789	58,434	-26.8%
Net profit attributable to equity owners of the Company	15,003	28,004	-46.4%
Total assets	397,515	401,870	-1.1%
Cash and bank balances	46,510	52,525	-11.5%
Loans and borrowings	95,385	91,496	4.3%
Net (debt) / cash	(48,875)	(38,971)	25.4%
Shareholders' funds	192,043	191,774	0.1%
Earnings per share (cents)	2.93	5.49	-46.6%
Net assets value per share (cents)	37.48	37.52	-0.1%
Net cash generated from operations	36,288	48,476	-25.1%
Order intake	462,065	431,484	7.1%
Order book	229,401	235,998	-2.8%

S$'000	REVENUE			EBIT		
Geographic Segment	**2021**	**2020**	**Variance %**	**2021**	**2020**	**Variance %**
Americas	272,203	328,704	-17.2%	1,126	15,980	-93.0%
Asia Pacific	184,284	168,849	9.1%	20,434	23,227	-12.0%
Europe/Middle East/Africa	12,174	5,236	132.5%	746	99	653.5%
Total	**468,661**	**502,789**	**-6.8%**	**22,306**	**39,306**	**-43.3%**
Industry Segment	**2021**	**2020**	**Variance %**	**2021**	**2020**	**Variance %**
Energy	277,324	341,149	-18.7%	3,069	20,782	-85.2%
Infrastructure	143,552	106,945	34.2%	15,955	14,629	9.1%
Mining & Mineral	47,785	54,695	-12.6%	3,282	3,895	-15.7%
Total	**468,661**	**502,789**	**-6.8%**	**22,306**	**39,306**	**-43.3%**

TURNOVER

Group revenues in FY2021 decreased by 6.8% to S$468.7 million as compared to FY2020 of S$502.8 million, mainly due to a decline in large project revenues and lower time and material revenues in the Americas region – which was impacted by the Covid-19 pandemic, the severe winter in the first quarter, as well as volatile energy prices. This was mitigated by promising growth in the Asia-Pacific and EMEA regions as various cities within these economies commenced with the re-opening of their borders.

EARNINGS

In line with lower revenues, gross profit decreased by 7.1% from S$146.2 million in FY2020 to S$135.9 million in FY2021, while gross margin remains relatively stable at 29.0%.

In FY2021, group operating expenses were 5.8% or S$6.3 million higher year-on-year at S$115.7 million mainly due to higher unabsorbed labour costs of S$4.1 million, higher selling and distribution expenses of S$1.2 million, depreciation expense of S$1.3 million and IT expenses of S$1.0 million.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") was 26.8% lower in FY2021 at S$42.8 million as compared to FY2020 of S$58.4 million, mainly attributed to lower gross profits and higher sales and operating costs.

In FY2021, the group recognised lower interest expenses of S$0.6 million as compared to FY2020 due to an unrealised loss on derivative liability of S$0.9 million which was recognised in FY2020. Consequently, net profit attributable to equity owners of the Company decreased by 46.4% to S$15.0 million in FY2021 from S$28.0 million in FY2020.

PERFORMANCE OF GEOGRAPHICAL SEGMENTS

In FY2021, the geographical regions of the Americas, Asia-Pacific and Europe/Middle East/Africa ("EMEA") contributed 58.1%, 39.3% and 2.6% to revenue.

The Americas region registered a 17.2% decline in revenue for FY2021 to S$272.2 million, mainly due to a decline in large project revenues and lower time and material revenues in the Americas region impacted by Covid-19 pandemic and uncertainty in energy prices. With lower revenues, earnings before interest and tax ("EBIT") for the Americas region was down 93.0% year-on-year to S$1.1 million, mainly from lower gross profit achieved and higher unabsorbed labour costs (S$4.1 million), which is partially offsetted by reduction in other operating expenses of S$5.1 million.

The Asia-Pacific region recorded a moderate 9.1% year-on-year growth in revenues due to higher recognition of revenues for projects for the infrastructure projects in Australia. However, EBIT decreased by 12.0% year-on-year to S$20.4 million, contributed by lower profitability for infrastructure projects in Singapore due to absence of project savings from closure of infrastructure projects recognised in FY2020, lower JSS grant income as well as lower favourable exchange differences.

The EMEA region registered a 132.5% increase in revenues year-on-year for FY2021 to S$12.2 million mainly contributed from new acquisitions in United Kingdom and hence, an improvement in EBIT to S$0.7 million.

PERFORMANCE OF INDUSTRY SEGMENTS

In FY2021, the Energy sector remained the largest revenue contributor with a share of 59.2% over total revenue, the Infrastructure sector's revenue share increased to 30.6% for FY2021 while the Mining & Mineral sector's revenue share registered 10.2% share of total revenue.

The revenue in Energy sector declined by 18.7% from S$341.1 million in FY2020 to S$277.3 million in FY2021, mainly attributed to a decline in large project revenues and lower time and material revenues recognised in the Americas region. The Energy sector's EBIT decreased by 85.2% to S$3.1 million resulting from lower profitability in line with lower revenues and higher unabsorbed labour costs.

The Infrastructure sector's revenue improved by 34.2% year-on-year from S$106.9 million in FY2020 to S$143.6 million in FY2021, mainly driven by higher revenue contributions across all key geographies in Australia, Singapore and United Kingdom. Though Infrastructure sector's revenue was higher in FY2021, the growth in its EBIT was mitigated by lower profitability for infrastructure projects in Singapore due to absence of project savings from closure of infrastructure projects recognised in FY2020, lower JSS grant income as well as lower favourable exchange differences. As a result, EBIT for the Infrastructure sector grew by 9.1% year-on-year to S$16.0 million from FY2020 of S$14.6 million.

The Mining & Mineral division registered a 12.6% decline in revenues year-on-year for FY2021 due to delays in project execution from poor weather conditions and Covid-19 disruption and hence, recorded a lower EBIT of S$3.3 million.

CASH FLOW AND LIQUIDITY

For FY2021, the Group generated a cash inflow from operations of S$36.3 million, compared to S$48.5 million in FY2020. The Group's net debt position was S$48.9 million as at 31 December 2021, after S$8.1 million was incurred for business acquisition in FY2021. Net gearing remained low at 25.5% on an aggregate basis, with adequate headroom for working capital requirements.

ORDER INTAKE

Order intake in FY2021 increased by 7.1% to S$462.1 million as compared to FY2020 of S$431.5 million as a result of higher orders for both the Infrastructure and Energy segments. As at 31 December 2021, the order book stands at S$229.4 million.

S$'000	FY2021	FY2020	VARIANCE %
Energy	265,680	253,109	5.0%
Infrastructure	147,721	119,305	23.8%
Mining & Mineral	48,664	59,070	-17.6%
Total	**462,065**	**431,484**	**7.1%**

Order intake in Energy segment increased by 5.0% year-on-year due to recovery in Energy sector orders with higher time and material jobs coupled with newly awarded power and electrification projects.

The Infrastructure segment saw a 23.8% year-on-year growth in new orders, registering S$147.7 million, supported by higher orders of radio communication equipment and solutions, mainly driven by utility and government customers in Australia.

Mining & Mineral segment clinched S$48.7 million worth of new orders in FY2021, as compared to S$59.1 million in FY2020, due to some of the larger greenfield mining projects in Australia secured in FY2020 not repeated in FY2021.

REPORT ON CORPORATE GOVERNANCE

Corporate Governance, Ethics and Compliance

The Board of Directors is committed to maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group, which strives to preserve the interests of all stakeholders and to promote investors' confidence in the Group.

This report sets out the Company's corporate governance practices for the financial year ended 31 December 2021, with specific reference to the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "MAS") on 6 August 2018 (the "2018 CG Code"). Where the Company's practices differ from the principles and guidelines under the 2018 CG Code, the Company's position and reasons in respect of the same are explained in this report.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

The Board plays an important role to oversee the Group's business affairs and to provide entrepreneurial leadership to the Company.

Board Approval

This includes the approval of the Group's strategic plans, key business initiatives, financial objectives, major investments and funding decisions, the review of the Group's financial performance, the evaluation of the performance of the management and the Group, the establishment of a prudent and effective controls framework, the values and standards of the Company and the fulfilment of obligations to the shareholders.

The Company has adopted internal guidelines setting forth matters that require the Board's approval. In that aspect, the Board has delegated to the management of the Company the authority to approve transactions in the ordinary course of business as specified in the following table. Any transactions falling outside the scope as specified in the following table would then have to be approved by the Board:

Nature of transactions	Quantum of transactions
Capital expenditure (budgeted)	Any amount more than S$3 million
Capital expenditure (unbudgeted)	Any amount
Mergers, acquisitions and divestments	Any amount more than S$10 million

The Directors ensure the decisions made by them are objectively in the interest of the Company. The Board has also examined the relationships or circumstances under which the Directors are involved and has confirmed that no such relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgment. The Board has put in place requirements that all Directors should disclose to the Board as and when any such relationship or circumstance arises. In the event of conflict of interest arising in respect of a matter under consideration by the Board, the Director concerned shall comply with disclosure obligations and shall recuse himself from participating in the Board's deliberation and decision on the matter.

Board and Board Committees

The Board is supported by four board committees namely: (1) Audit and Risk Committee ("ARC"); (2) Nominating Committee ("NC"); (3) Compensation Committee ("CC"); and (4) Investment Committee ("IC"). The duties, authorities and accountabilities of each committee are set out in their respective written terms of reference. While these Board Committees have the authority to examine particular issues in their respective areas, the Board Committees report to the Board with their decisions and recommendations as the ultimate responsibility on all matters lies with the entire Board. Further information on the roles and responsibilities as well as a summary of the activities of each of the ARC, NC, CC and IC are set out in the Principles throughout this Corporate Governance Report.

The Company is not required under the SGX-ST Listing Rules to perform quarterly reporting, which came into effect on 7 February 2020. Notwithstanding this, the Board continues to conduct regularly scheduled meetings for the first and third quarters of the financial year to receive key financial, business and operational updates, in addition to the half-yearly meetings which coincide with the announcement of the Group's half-year and full-year results respectively.

Ad-hoc meetings may also be convened as and when warranted by particular circumstances, as deemed appropriate by the Board. The Company has provided for telephonic and videoconference meetings in its Constitution. Annually, the Company will have an offsite planning meeting for the Directors and key executives to come together to discuss the key business growth and the growth plans going forward. In 2021, the Board had one strategy meeting with key executives via videoconference.

REPORT ON CORPORATE GOVERNANCE

The Directors' attendance at Board, Board Committee and General Meetings during the financial year ended 31 December 2021 ("FY2021") are set out as follows:

	Board	Audit and Risk Committee	Nominating Committee	Compensation Committee	Investment Committee	General Meeting
No. of meetings held	4	4	2	1	1	1
No. of meetings attended						
Lim Ming Seong	4	–	2	1	1	1
Lim Boon Kheng	4	4 [(1)]	2 [(1)]	1 [(1)]	1	1
Sin Boon Ann	4	–	2	1	–	1
Tan Hien Meng	4	4	–	–	–	1
Dr Lee Kong Ting	4	4	–	1	–	1
Tan Chian Khong	4	4	2	–	–	1
Ng Shin Ein	4	4	–	–	–	1
Wong Su Yen	4	–	–	1	–	1
Lim How Teck	4	4	2	–	–	1
Derek Lau Tiong Seng	4	–	–	–	1	1

Note:
[1] Attendance by invitation

Directors' Induction, Training and Development

The Company has in place general induction-training programmes to ensure that every newly appointed Director of the Company is familiar with the Group's structure, the Group's business and its operations, the Company's governance practices and relevant statutory and regulatory compliance issues. Every newly appointed Director of the Company is expected to undergo an induction programme which includes meetings with the Chairman, Managing Director and Group Chief Financial Officer as part of the training in the affairs of the business.

For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will also attend the mandatory training courses organised by the Singapore Institute of Directors ("SID") or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties.

The Company will issue a formal appointment letter, which sets out the director's duties and obligations, to each director upon appointment.

All Board members are encouraged to receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. The Board is mindful of the best practice in the Code to initiate programmes for Directors to meet their relevant training needs. In this regard, the Company is supportive of the Directors' participation in industry conferences and seminars, and will fund the Directors' attendance at any course or training programme in connection with their duties as directors.

During the financial year:
(a) The external auditor, Ernst & Young LLP regularly briefed the ARC on changes in accounting standards that affects the Group;
(b) The Chief Executive Officer regularly updates the Board on the business activities and strategies of the Group during Board meetings. Such update would also include any significant developments, issues or risks affecting the Group; and
(c) The Board and Senior Management also held business planning meetings to have a more in-depth discussion on the strategic issues and direction of the Group.

Access to Information

The management of the Company has an on-going obligation to supply the Board with complete, adequate information in a timely manner. In addition, the Board has separate and independent access to the Company's management in respect of obtaining information, as reliance purely on what is volunteered by the management of the Company may not to be adequate in certain circumstances and further enquiries may be required for the Board to fulfil its duties properly.

REPORT ON CORPORATE GOVERNANCE

The information that is provided by the management of the Company to the Board includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. In addition, in respect of budgets, any material variances between the projections and actual results are also disclosed and explained.

As a general rule, board papers are sent to Board members at least 3 working days before the board meeting to afford the Directors with sufficient time to review the board papers prior to the meetings.

Directors have separate and independent access to the senior management, company secretary and external advisers (where necessary) at the Company's expenses. The role of the Company Secretary is clearly defined and includes the responsibility for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary (or his authorised nominee) attends all Board and ARC meetings. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and the ARC and between senior management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required. The appointment or the removal of the Company Secretary is subject to the Board's approval.

In addition to the above, the Board has procedures for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense.

Board Composition and Guidance

Principle 2

The members of the Board of Directors at the date of this report comprise the following Directors:-

Non-Executive Independent Directors:

Lim Ming Seong – Chairman
Sin Boon Ann
Tan Hien Meng
Dr Lee Kong Ting
Tan Chian Khong
Ng Shin Ein
Wong Su Yen

Non-Executive Non-Independent Directors:

Lim How Teck
Derek Lau Tiong Seng

Executive Director:

Lim Boon Kheng – Group Managing Director/Chief Executive Officer

The Board presently comprises ten Directors of whom seven are Non-Executive Independent Directors and two are Non-Executive Non-Independent Directors. Accordingly, a majority of the Board is made up of Independent Directors who are free of any material business or financial connection with the Company. There is a strong and independent element on the Board, capable of exercising objective judgement on corporate affairs independently of the Group. The Board's views and opinions often provide different perspectives to the Group's business. No individual or small group of individuals dominates the Board's decision-making. There is no alternate director appointed during the year.

Board Independence

The Board, through the NC, assessed the independence of each Board member taking into consideration of Provision 2.1 of the 2018 CG Code and Rule 210 (5)(d)(i) and (ii) of the Listing Manual of the SGX-ST (the "Listing Rules") and the individual Director's declaration. For Directors who had served more than nine years as at 31 December 2021 namely Mr Lim Ming Seong and Mr Sin Boon Ann, the NC has reviewed their independence rigorously. The two Directors have continuously demonstrated independence in character and judgement in the discharge of their responsibilities as Directors of the Company. The Board has also observed instances of constructive challenge and probing of Management by these Directors at Board and Board committee meetings and other occasions and has no reason to doubt their ability to exercise independent judgement in the interest of the Company. Given their combined strength of objectivity, wealth of working experience and professionalism in carrying out their duties, the Board acknowledges and recognises the benefits of the experience and stability brought by these long-serving Independent Directors. Both Mr Lim Ming Seong and Mr Sin Boon Ann independence status have also been confirmed via two-tier voting at the Annual General Meeting held on 20 April 2021 and will remain in force until the earlier of his retirement or resignation as a Director or at the conclusion of the AGM to be held in 2024.

REPORT ON CORPORATE GOVERNANCE

After taking into consideration the views of the NC and the Board's review, which determined that none of the circumstances stated in Rule 210(5)(d)(i) and (ii) of the Listing Rules apply to any of these Directors, the Board considers each of Mr Lim Ming Seong, Mr Sin Boon Ann, Mr Tan Hien Meng, Dr Lee Kong Ting, Mr Tan Chian Khong, Ms Ng Shin Ein and Ms Wong Su Yen to be an Independent Director. Neither of the Directors took part in the review of his/her own independence.

Mr Lim How Teck and Mr Derek Lau Tiong Seng are candidates nominated by Heliconia Capital Management Pte. Ltd. ("Heliconia"), a substantial shareholder of the Company. Therefore, the Board has deemed them as Non-Executive Non-Independent Directors.

As the Chief Executive Officer of the Company, Mr Lim Boon Kheng is considered non-independent by virtue of his employment with the Company.

Each member of the NC and the Board recused himself from the NC's and the Board's deliberations respectively on his own independence.

Board Diversity

The Board has put in place a Board Diversity Policy which sets out the approach to diversity of the Board. The Board Diversity Policy would be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of gender, industry and business experience, skills and independence which the Board as a whole requires to be effective.

In order to maintain or enhance its balance and diversity, the Board would continue to take the following steps:

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

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

The current Board comprises of members with the following core competencies:

- Accounting & Finance;
- Business and Management;
- Industry;
- Strategic Planning;
- Human Resource Management and
- Legal and Regulatory.

In terms of gender diversity, the Board currently comprises of two female directors.

A review of the size and composition of the Board (and Board Committees) was also undertaken by the Company during the year to ensure alignment with the needs of the Group and the objectives set out in the Board Diversity Policy. The Board is of the view that there is sufficient diversity in skills, experience and knowledge of the Company in its current Board composition to maximise effectiveness after taking into account the scope and nature of the operations of the Group and the objectives set out in the Board Diversity Policy.

Board Guidance

The Non-Executive Directors contribute to the board process by monitoring and reviewing Management's performance. For the financial year under review, the Non-Executive, Independent and Non-Independent Directors have constructively challenged Management's proposals and decisions and reviewed Management's performance. They have unrestricted access to Management for any information that they may require to discharge their oversight function effectively. As Non-Executive Independent Directors constitute a majority of the Board, objectivity on Board's deliberations is assured.

The responsibilities of the Non-Executive Directors include:

(a) assisting the Board to develop proposals on strategy, constructively challenging it when necessary; and
(b) reviewing and monitoring the performance of the management in meeting the goals and objectives committed.

Besides the above, the Non-Executive Directors' responsibilities include other duties as required in their capacity as members of the ARC, NC, CC and IC.

REPORT ON CORPORATE GOVERNANCE

Meeting of Directors without Management

The Independent Directors would meet without the presence of the Management and Executive Directors at each Board meeting. The Chairman of the Board who is also Non-Executive Director would feedback to the CEO on any concerns or feedbacks raised by Non-Executive Directors during such meeting.

Chairman and Chief Executive Officer
Principle 3

The Company has a separate Chairman and Chief Executive Officer to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. In addition, the Chairman and the Chief Executive Officer are not related to each other. The Board has set out in writing the division of responsibilities between the Chairman and CEO.

The Chairman, Mr Lim Ming Seong, is a Non-Executive Director who is independent of the management of the Company and his responsibilities pertaining to the Board includes but are not limited to:

(a) leading the Board in a strategic effective and decisive way;

(b) setting the agenda and ensuring (with the assistance of the Company Secretary) that adequate time is available to discuss all agenda items, in particular, strategic issues;

(c) promoting a culture of openness and debate within the Board;

(d) ensuring (with the assistance of Management and Company Secretary) that the directors receive complete, adequate and timely information;

(e) ensuring effective communication with the shareholders and other stakeholders;

(f) encouraging constructive relationships within the Board and between the Board and Management;

(g) ensuring Non-Executive Directors contribute effectively and that their contribution are taken into account by the Board; and

(i) promoting high standards of corporate governance.

The Chairman's responsibilities pertaining to the Board also includes those other duties as required in his capacity as a member of the NC, CC and IC.

The Chief Executive Officer, Mr Lim Boon Kheng, has full executive responsibilities over business direction and operational decisions concerning the Group. He works closely with the Board to implement the policies set by the Board.

The clear separation of roles of the Chairman and Chief Executive Officer provides a healthy professional relationship between the Board and Management with clarity of roles and robust deliberations on the business activities of the Group.

Given that the roles of the Chairman and Chief Executive Officer are separate and the Chairman is independent, no lead independent director is required to be appointed.

Board Membership
Principle 4

The members of the NC at the date of this report comprise the following Directors:-

Lim Ming Seong – Chairman
Sin Boon Ann
Tan Chian Khong
Lim How Teck

The NC comprises four members, three of whom are Independent Directors including the NC Chairman.

During FY2021, the NC held two meetings.

The NC is regulated by a set of written terms of reference and has been updated to be in line with the 2018 CG Code. The primary function of the NC is to provide assistance to the Board in reviewing the composition of the Board and Board committees annually, taking into account the performance and contribution of each individual director. Board composition is also evaluated to ensure that diversity of skills, core competencies, knowledge, professional experience, educational background, gender, age and length of service as prescribed under the Board Diversity Policy is maintained within the Board and Board committees.

REPORT ON CORPORATE GOVERNANCE

The responsibilities of the NC include:-

(a) Reviewing succession plans for Directors, in particular, the Chairman, the CEO and key management personnel;

(b) Evaluating the performance of the Board, its Board Committees and Individual Director and proposing objective performance criteria for Board's approval;

(c) Determining annually if a Director is independent pursuant to the guidelines set forth in the 2018 CG Code and Listing Rules;

(d) Evaluating if a Director is able to and has been adequately carrying out his or her duties as a Director when the Director concerned holds multiple board representations; and

(e) Reviewing training and professional development programmes for the Board.

Continuous Board Renewal and Succession Planning for the Board

The Board continues to review and refresh the Board progressively with a view to expanding the skills, experience and diversity of the Board as a whole. The current board composition comprises of four new members namely Ms Ng Shin Ein, Ms Wong Su Yen, Mr Lim How Teck and Mr Derek Lau Tiong Seng, who joined the board in FY2020 and brought with them different expertise and industry experience.

When considering the new appointments, the Board, through NC, has considered core competencies such as accounting, human capital, business acumen, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls. Gender diversity was also taken into account when reviewing the composition of the Board. The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

The Company's Constitution provides for all Directors, including the CEO of the Company to retire by rotation at least once every three years. The Directors, who are eligible for re-election, may submit themselves for re-election at the AGM. After assessing the performance of the retiring Directors, the NC has also recommended the re-election of Mr Lim Boon Kheng, Dr Lee Kong Ting and Mr Tan Chian Khong who are retiring pursuant to Regulation 91 of the Company's Constitution to be re-elected as Directors of the Company at the forthcoming AGM. Mr Tan Hien Meng, who was also due to retire under Regulation 91 of the Company's Constitution at the forthcoming AGM, has indicated his decision to step down from the Board. Mr Tan Hien Meng has served on the Board for close to 8 years and his retirement from the Board is also part of the Board's progressive renewal process. The Board has accepted all the NC's recommendation.

The NC will seek to refresh the Board membership progressively and in an orderly manner, for long-term continuity and stability bearing in mind the nine-years rule.

Shareholders are provided with relevant information on the candidates for re-election on pages 176 to 177 of this Annual Report.

Nomination and Selection of Directors

The NC is responsible for identifying and recommending to the Board new Board members, after considering the necessary and desirable competencies. Accordingly, in selecting potential new directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. In doing so, the NC will have regard to the results of the annual appraisal of the Board's performance. The NC may engage consultants to undertake research on, or assess candidates for new positions on the Board, or to engage such other independent experts as it considers necessary to carry out its duties and responsibilities. Recommendations for new Board members are put to the Board for its consideration.

When reviewing a nomination for a proposed Board appointment, the NC will look at the following criteria:
(a) a determination of the candidate's independence;
(b) the qualifications and expertise required or expected of a new Board member taking into account the current Board size, structure, composition, diversity of skill competencies and gender, and progressive renewal of the Board;
(c) whether the candidate would be able to commit time to his appointment having regard to his other Board appointments and principal commitments; and
(d) prescribed factors under the Board Diversity Policy.

Review of Directors' Independence

The NC conducts and annual review of each director's independence and takes into consideration the relevant provisions in the 2018 CG Code and Listing Rules. The NC has ascertained that, save for Mr Lim How Teck, Mr Derek Lau Tiong Seng and Mr Lim Boon Kheng, all Directors are considered independent according to the criteria. Please refer to our disclosure under Principle 2 above on the determination of independence. Directors must also immediately report any changes in their external appointments which may affect their independence.

REPORT ON CORPORATE GOVERNANCE

Directors' Time Commitment

The NC has adopted internal guidelines to address the conflict of competing time commitments that are faced by the Directors when the Directors have multiple board representations. With due respect to individual autonomy of each Director, no maximum number of listed company board representations a Director may hold is prescribed. However, each Director is required to disclose to the Board his board representation whenever there are changes to his directorship. If a Director is on the Board of other companies, the NC will consider whether adequate time and attention have been devoted to the Company. In the event that there are sufficient grounds for concern, the Chairman of the Board shall discuss, and if necessary, warn the Director of the issues and in any continuance, the consequences flowing from the situation.

In respect of the financial year under review, the NC was of the view that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his/her duties as director effectively. The NC is satisfied that all the Directors have been able to and had adequately carried out their duties as Directors of the Company for the financial year ended 31 December 2021 notwithstanding their multiple directorships where applicable and other principal commitments.

Director's listed company board directorships and principal commitments which may be found in the "Board of Directors" section in the Annual Report.

Key Information on Directors

The profile of the Directors and key information are set out under "Board of Directors" section in this Annual Report. Additional information on Directors seeking for re-election as required under Rule 720 (6) of the Listing Rules is also appended to the Notice of AGM.

Board Performance
Principle 5

Board Evaluation

The NC undertakes a process to assess the effectiveness of the Board and its Board Committees. Directors are requested to complete both the Board and Board Committees Evaluation Questionnaires to assess the overall effectiveness of the Board and the Board Committees. The NC has extracted salient recommendations from the 2018 CG Code and incorporated these recommendations into the Board and Board Committees Evaluation Questionnaires. On an annual basis, the Directors will complete both the Board and Board Committees Evaluation Questionnaires of which results are then collated by the Company Secretary in the form of a collective report. The reports will be discussed during the NC meeting to assess and further enhance the effectiveness of the Board and/or the Board Committees. The Board Chairman, who is also the Chairman of the NC, will act on the results of the performance evaluation and in consultation with the NC propose, where appropriate, new members to be appointed to the Board or seek the resignation of existing members.

The NC, having reviewed the performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board and the Board committees have operated efficiently, the Board has met its performance objectives and each Director has contributed to the overall effectiveness of the Board in the financial year under review.

Board Performance Criteria

In evaluating the performance of the Directors, the NC took into account, amongst other factors, the Directors' qualification by knowledge and experience to fulfil their duties, attendance and participation at Board meetings and Committee meetings (where applicable), quality of interventions or differences of opinion expressed and any other special contributions. The NC also considered whether the Directors have reasonable understanding of the Company's business and the industry, and the Directors' working relationship with the other members of the Board. These performance criteria shall not change from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the NC and the Board shall justify its decision for the change.

As the NC will be measuring the Board's stewardship of the Company based principally on qualitative criteria, it is therefore not easy to show a direct correlation between the Board's actions taken as a whole and the Company's long term performance. Therefore, the NC will not attempt to specifically quantify the Board's contribution to enhancing long term shareholders' value, for instance, by measuring it against the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index. As such, the Company's share price performance will not be used as a performance evaluation criterion of the Board. In addition, there are no specific benchmark indices of industry peers for comparison in respect of such quantitative performance criteria. In the absence of any appropriate and relevant benchmark indices, the benchmark indices of industry peers will also not be used as a performance evaluation criterion of the Board.

REPORT ON CORPORATE GOVERNANCE

Individual Director Evaluation

Individual Director self-assessment is also conducted to provide performance feedback which can help individuals to evaluate their own skills and performance as directors and motivate them to more effective contributors. The Board is cognizant that individual director evaluations are an important complement to the evaluation of a board's overall performance and the results of the Individual Director self-assessment are also compiled by the Company Secretary and discussed by the NC.

The assessment of CEO's performance is undertaken by the Board and the results are reviewed by the NC and Board. Feedback is also provided to the CEO by the NC Chairman and the NC will also report the same to the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6

The members of the CC at the date of this report comprise the following Directors:-

Lim Ming Seong – Chairman
Sin Boon Ann
Dr Lee Kong Ting
Wong Su Yen

The CC comprises four members, all of whom are non-executive and independent directors.

The Chairman of the CC, Mr Lim Ming Seong, is an Independent Director, who is knowledgeable in the field of executive compensation. In addition, the CC has access to the relevant expert advice within the Company.

During FY2021, the CC held one meeting.

The CC is guided by its terms of reference which is in line with the 2018 CG Code and its responsibilities of the CC include:-

(a) recommending to the Board the fee framework for Non-Executive Directors;

(b) recommending to the Board the framework of remuneration for CEO, and key management personnel (who are not Directors);

(c) determining and setting specific remuneration packages (such as annual increments, variable bonuses, long-term incentive awards and other incentive awards or benefits in kind) for each of CEO and key management personnel in accordance with the approved remuneration framework and ensuring that an appropriate proportion of their remuneration is structured so as to link rewards to corporate and individual performance;

(d) approving the total bonus pool for distribution to staff of all grades at each year end;

(e) administering share plan that may be established from time to time for the Directors and KMP;

(f) reviewing the remuneration packages of employees who are related to any Director, substantial shareholder or the CEO;

(g) reviewing the Company's obligations to ensure that contracts of service of CEO and key management personnel contain fair and reasonable termination clauses.

Level and Mix of Remuneration
Disclosure of Remuneration

Principles 7 and 8

In setting remuneration packages, the CC will take into consideration the pay and employment conditions within the industry the Group operates in as well as companies within the same business segment as there are no exactly comparable companies. In addition, the CC will take into account the Group's relative performance and the key management of the Group when setting the remuneration packages.

REPORT ON CORPORATE GOVERNANCE

Non-Executive Director Remuneration

The fees for Non-Executive Directors comprise a basic retainer fee, additional retainer fees for appointment to Board Committees, attendance fees for Directors for Board and Board Committee meetings held in Singapore and overseas. In FY2021, the CC has engaged third party professional firm to conduct a benchmarking exercise on the Non-Executive Directors' remuneration. Arising from this benchmarking exercise, the CC noted that CSE fee structure remains competitive and in line with market practice. Hence, the fee structure for FY2021 remains the same as FY2020 and is set out as follows:

Board and Committees	Retainer per annum	Attendance Fee Per Physical Meeting	Attendance Fee Per Teleconference Meeting
a. Main Board			
- Chairman	S$35,000	S$2,000	S$500
- Member	S$25,000	S$2,000	S$500
b. Audit & Risk Committee			
- Chairman	S$25,000	S$2,000	S$500
- Member	S$12,000	S$2,000	S$500
c. Other Committees			
- Chairman	S$12,000	S$1,000	S$500
- Member	S$6,000	S$1,000	S$500
d. Annual Planning Meeting		US$1,000 per day	

Directors' fees recommended by the Board are subject to the approval of the shareholders at the forthcoming AGM. No Director is involved in deciding his own remuneration. The Director's fees are paid wholly in cash.

The following table shows the Directors' fees recommended by the Board for the financial year ended 31 December 2021 which will be tabled for shareholders' approval at the forthcoming AGM:

Board and Committees	Total Directors' Fee proposed ($'000)
Lim Ming Seong	86
Sin Boon Ann	51
Tan Hien Meng	56
Dr Lee Kong Ting	63
Tan Chian Khong	77
Ng Shin Ein	56
Wong Su Yen	43
Lim How Teck	64
Derek Lau Tiong Seng	43

Executive Director Remuneration

The CEO, being the Executive Director, does not receive Directors' fees. The compensation of the CEO comprises performance-related elements, which form a significant proportion of his total remuneration package. These performance-related elements are designed to align the interests of the CEO with those of the shareholders such that the CEO's rewards are linked to the performance of the Group as well as his individual performance. There are appropriate and meaningful measures for the purpose of assessing the CEO's performance. There is no existing service contract between the Company and the Executive Director.

The following table shows the remuneration of the Executive Director (who is also the CEO) for the year ended 31 December 2021:

Name	Total remuneration ($'000)	Salary (%)	Bonus (%)	Other Benefits & Provident Fund (%)	Share Based Compensation (%)
Lim Boon Kheng	828	83	–	17	–

REPORT ON CORPORATE GOVERNANCE

The Group's remuneration policy is to be competitive within its industry and to offer fair and reasonable remuneration packages that are commensurate with competence, level of responsibility, performance and contributions to the Group. Based on this broad principle, the CC has the responsibility and discretion to recommend to the Board the remuneration packages for the Executive Director, all of the Non-Executive Directors and key management personnel of the Group, and the CEO has the responsibility and discretion to determine remuneration packages of all other employees who are non-key management of the Group.

The remuneration package for the key management personnel consists of both fixed and variable components. The variable component in the form of profit sharing is based on annual profits and achievement of the mid to long term business targets of the individual business units and the Group in the relevant financial year.

The Company has implemented a share-based long term incentive plan known as CSE Performance Share Plan ("Share Plan") in lieu of an existing cash plan on 20 April 2017, details of which are disclosed in the Directors' Statement. The Share Plan will allow management to further align their interest and share in the future of the Company with the shareholders. The Share Plan is administered by the CC. During the financial year under review, awards comprising 3,908,164 shares ("Performance Shares") were awarded to the Executive Director and key management personnel of the Company (the "Participants") for their performance in FY2020. The Performance Shares were awarded to reward the Participants based on the performance criteria as determined by the CC who is administering the Share Plan. The awards consist of the grant of fully paid shares. The share awards are not subject to a vesting period, but are subject to a selling moratorium period of 0 to 3 years from the date of award against any disposal or sale and/or other dealings in the shares. The Performance Shares were released to the Participants via the release of Treasury shares.

The Company does not have any contractual provisions which allow it to reclaim incentive components of remuneration from key executives as such provisions may have a negative impact on attracting and retaining talent in the Company.

Remuneration of Top Five Key Management Personnel ("KMP")

To maintain confidentiality of staff remuneration, the names of the top five KMP are not stated. The Company believes that it may not be in the best interest of the Company to disclose the remuneration of key executives on an individually named basis as recommended by the 2018 CG Code. Having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, the Company had not disclosed the names of the KMP as this may give rise to recruitment and talent retention issues. There would be negative impact to the Company if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership critical for the achievement of the strategic objectives of the Company. The Company believes that shareholders' interest will not be prejudiced as a result of such non-disclosure of the names of the KMP. After considering the recommendations set out in 8.1 and 8.3 of the 2018 CG Code carefully, having taking into account the highly competitive conditions for talent in the industry, the Board is of the view that the Group's key management personnel's remuneration shall be disclosed as bands, as laid out in the following table.

Other than this, the Company has complied with the rest of the disclosure requirements under Provision 8.1 of the 2018 CG Code.

Information relating to the remuneration of the Group's top 5 key management personnel (who are not Directors or the CEO of the Company) for the year ended 31 December 2021 are as follows:

Remuneration Band	No of employees	Salary (%)	Bonus (%)	Other Benefits & Provident Fund (%)	Share Based Compensation (%)
S$1,250,001 – S$1,500,000	1	38	59	3	–
S$750,001 – S$1,000,000	1	56	40	4	–
S$500,001 – S$750,000	2	93	–	7	–
S$250,001 – S$500,000	1	80	16	4	–

The total remuneration of the top five key management personnel (who are not Directors or the CEO of the Company) for the year ended 31 December 2021 amounted to $3,816,779.

There were no termination, retirement and post-employment benefits paid to any Directors and the top five key executives in the year ended 31 December 2021. In addition, the CC was satisfied that the service contracts with the key executives do not contain termination clauses that are overly generous.

Remuneration of employees who are immediate family members of a Director or the CEO

There are currently no employees whose remuneration exceeds $100,000 per year who are immediate family members of a Director or the Managing Director/CEO.

REPORT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9

The ARC assists the Board in overseeing the risk governance of the Group to ensure that there is a sound system of risk management and internal controls to manage risks in a way that is aligned with the Group's risk tolerance. The Company has put in place an Enterprise Risk Management ("ERM") framework which was established to ensure adequate and effective management of risks and facilitate the Board's assessment on the adequacy and effectiveness of the Group's risk management system. The framework sets out governing policies, processes and systems pertaining to each of the key risk areas to which the Group are exposed. The framework also facilitates the assessment by the Board in the effectiveness of the Group in managing each of the key risks.

During the financial year, the Company has engaged KPMG Services Pte Ltd ("KPMG") to review the adequacy and effectiveness of the Company's ERM framework. The review includes the improvement of the existing ERM framework to further realise the value of risk management by providing an integrated enterprise-wide perspective of the risks involved in the Company's businesses, and institutionalizing a systematic risk assessment methodology for the identification, assessment, management, reporting and monitoring of risks on a consistent and reliable basis. The intention is for the ERM framework to be constantly refined to ensure relevance in a dynamic operating environment.

The Board, through the ARC's reviews, monitors the adequacy of the Company's internal controls including financial, operational, compliance and information technology controls and risk management policies and systems established by Management. The internal auditor also conducts independent reviews of the adequacy and effectiveness of the Company's material internal controls, including financial, operational and compliance controls, information technology and risk management, at least annually and reports these findings to the ARC. The ARC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal auditor in this respect. In addition, the external auditors have also performed a review of the internal financial systems and operating controls for the financial statements attestation purpose. Such reviews have also been reported to the ARC.

Further details on the CSE Global Risk Management Framework can be found on pages 48 to 55 of this Annual Report.

The Board has received assurance from the CEO and CFO that, as at 31 December 2021, the financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received assurance from the CEO and key management personnel that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2021 to address the risks that the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and reviews performed by Management, as well as the said assurances set out above, the Board, with the concurrence of the ARC, is of the view that the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) were adequate and effective as at 31 December 2021 to risks which the Company considers relevant and material to the Group's operations.

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

The process of reviewing and strengthening the Company and Group's control environment is an evolving process. When controls should be enhanced, the Board and Management take action to rectify and strengthen the internal controls and risk management systems. The Board and Management will continue to devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Audit and Risk Committee

Principle 10

To ensure that corporate governance is effectively practiced, the Directors have established self-regulatory and monitoring mechanisms, including the establishment of the ARC.

REPORT ON CORPORATE GOVERNANCE

The members of the ARC at the date of this report comprise the following Directors:-

Tan Chian Khong – Chairman
Dr Lee Kong Ting
Tan Hien Meng
Ng Shin Ein
Lim How Teck

The ARC comprises five members, the majority of whom including Chairman, are independent. The members of the ARC are appropriately qualified to discharge their responsibilities and have relevant accounting and related financial management experience and expertise. None of the ARC members were previous partners or directors of the Company's external auditor, Ernst & Young LLP, within the last two years or hold any financial interest in the external auditor.

The ARC, together with the external auditors and internal auditor, meets regularly with at least four ARC meetings within each financial year, and also as warranted by particular circumstances, as deemed appropriate by the ARC. In addition, the ARC also met with the external auditors and internal auditor, without the presence of the Company's management during the financial year under review. The ARC met four times during FY2021 during which the external and internal auditors were present for four times.

The Board is satisfied that all the members of the ARC have accounting, financial, business management, corporate legal expertise and work experience to discharge their responsibilities. The Chairman of the ARC, Mr Tan Chian Khong, has accounting or related financial management expertise or experience. Mr Tan Chian Khong is a veteran with more than 35 years of experience in providing audit and business advisory services to clients in a wide range of industries.

The ARC has full access to the external auditors and internal auditor without the presence of the management of the Company as well as full access to and co-operation of Management. The ARC has explicit authority to investigate any matters within its terms of reference, full access to and co-operation by the management of the Company and full discretion to invite any Director or management of the Company to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The primary function of the ARC is to provide assistance to the Board in fulfilling its responsibilities relating to corporate accounting and auditing, reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's risk management and internal control systems regarding finance, accounting, legal and regulatory compliance, contractual obligations and ethics established by the Board and the management of the Company.

The ARC is guided by its terms of reference which sets out its responsibilities. The terms of reference are in line with the 2018 CG Code. The responsibilities of the ARC include:

(a) recommending to the Board the appointment, re-appointment or discharge of the external auditors, and approving the remuneration and terms of engagement of the external auditors and in this connection, considering the independence and objectivity of the external auditors annually;

(b) keeping under review the scope and results of the audit and its cost effectiveness, keeping the nature and extent of non-audit services supplied by the external auditors under review yearly where the external auditors also supply a substantial volume of such services to the company, with the objective of balancing the maintenance of objectivity and value for money;

(c) considering and reviewing with the external auditors and the internal auditor, at least annually, the adequacy, effectiveness and efficiency of the management processes, internal financial controls, operational and compliance controls, risk management policies and any significant findings and recommendations of the external auditors and the internal auditor, together with the management's responses thereto;

(d) meeting with the external auditors, the internal auditor, the management and any others considered appropriate in separate executive sessions to discuss any matters the ARC believes should be discussed privately and establishing a practice to meet with the external auditors without the presence of the management of the Company at least annually;

(e) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance;

(f) reviewing the effectiveness of the company's internal audit function that is independent of the activities that it audits, appropriate standing within the Company and adequately resourced;

(g) reviewing and taking actions on the arrangements by which staff of the company and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

REPORT ON CORPORATE GOVERNANCE

(h) reviewing the interested person transactions falling within the scope of the Listing Rules; and

(i) meeting principal overseas subsidiaries' independent directors, the management and any others considered appropriate in their periodic visits to these subsidiaries.

During the financial year, the ARC held four meetings and has carried out the above duties as provided in their terms of reference.

The ARC keeps abreast of the changes to accounting standards and issues that may have a direct impact on the financial statements by referring to the best practices and guidance in the Guidebook for Audit Committee in Singapore and the reports issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority. During the year, the ARC was also briefed on the new accounting standards that might impact the Group's consolidated financial statements by the external auditors at the ARC meetings.

In appointing the auditing firms for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712, 715, 716 and 717 of the Listing Rules.

In line with Rule 1207(6) of the Listing Rules, the ARC has undertaken a review of all non-audit services that are provided by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. The fees that are charged to the Group in respect of the audit and non-audit work by the external auditors are set out as follows:

	2021 $'000	2020 $'000
Audit fees :		
- Auditors of the Company		
- Annual audit	355	330
- Others	45	40
-Other auditors	**225**	**204**
Non-audit fees :		
- Auditors of the Company	318	509
- Other auditors	49	94
Total Audit and non-audit fees	**992**	**1,177**

Whistle-Blowing Policy

The Group has in place a Whistle-Blowing Policy. This Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting or other matters may be raised by employees and external parties in confidence and in good faith, without fear of reprisal. Details of this policy have been disseminated and made available to all employees of the Company. All matters which are raised are then independently investigated and appropriate actions taken. The ARC ensures that independent investigations and any appropriate follow-up actions are carried out.

There were no whistle-blowing reports received by the ARC in the financial year under review.

Bribery and Corruption Prevention Policy

The Company adopts a strong stance against bribery and corruption. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Group are required to make a declaration on an annual basis where they pledge to uphold the Company's core values and not to engage in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings. The Company's stance against bribery and corruption is also reiterated by Management during its regular staff communications sessions.

Key Audit Matters

The key audit matters in relation to the 2021 financial statements are outlined below. Reviews include discussions with management and the external auditor, Ernst & Young LLP, and, where appropriate, the significant financial reporting matters have been addressed under the Key Audit Matters in the Independent Auditors' Report on pages 84 to 85.

REPORT ON CORPORATE GOVERNANCE

Audit and Risk Committee Commentaries

Key Audit Matters	How the ARC reviewed these matters and what decisions were made
Revenue recognition on project contracts	The ARC discussed with management and the external auditor in relation to the revenue recognition on project contracts. The ARC was satisfied with the appropriateness of the project revenues recognised in the consolidated financial statements of the Group for the financial year ended 2021.
Impairment assessment of trade receivables and contract assets	The ARC discussed with management and the external auditor on the basis used to determine the level of expected credit loss on trade receivables and contract assets, and was satisfied that as of 31 December 2021, the level of expected credit loss for the Group was appropriate.
Impairment assessment on goodwill	The ARC considered the approach and methodology applied in performing the annual goodwill impairment assessment. It reviewed the key assumptions used in the discounted cash flow model such as discount rate and growth projections. The ARC was satisfied with the appropriateness of the analysis performed by management that no impairment in goodwill is required as at 31 December 2021.

Internal Audit

The Company has an in-house internal audit function that is independent of the activities that it audits. The ARC has also appointed KPMG to supplement the in-house IA function. KPMG is a member of the Institute of Internal Auditors ("IIA"), a professional internal auditing body affiliated to the IIA. KPMG and the in-house IA (together known as the "Internal Auditors") work together to review the effectiveness of the key internal controls, including financial, operational, technology and compliance controls for selected scope of review annually, as approved by the ARC.

The Group's internal audit function is independent of the external audit. The Internal Auditor's primary line of reporting is directly to the Chairman of the ARC and has unrestricted access to the Company's documents, records, properties, and personnel of the Group. However, the in-house internal auditor also reports administratively to the Managing Director of the Company. The ARC approves the hiring, removal and evaluation of the Internal Auditors.

The ARC is satisfied that the Internal Auditors have met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the IIA. In addition, KPMG has confirmed their independence to the ARC.

The ARC is satisfied that the Internal Audit function is adequately resourced and has the appropriate standing within the Company.

The ARC has reviewed the adequacy of the in-house IA at least annually, and is satisfied that the in-house IA is adequate and has maintained its independence from the activities that he audit.

The Internal Auditors adopts a risk-based auditing approach in formulating the annual audit plan which aligns its activities to the key risks across the Group's business. The reviews performed by the Internal Auditors are aimed at assisting the Board in evaluating the adequacy and effectiveness of risk management, controls and governance processes.

During the year, the Internal Auditors conducted its audit reviews based on the annual internal audit plan which was approved by the ARC. The annual internal audit plan incorporates the audit of key risk areas identified under the Group's Enterprise Risk Management framework. Each quarter, the Internal Auditors would submit a report to the ARC on the key audit findings and actions to be taken by Management on such findings. Key findings are also highlighted at ARC Meetings for discussion and follow up actions. The ARC monitors the timely and proper implementation of the required corrective, preventive or improvement measures to be undertaken by Management.

External Auditor

The Board is responsible for the initial appointment of external auditor. Shareholders then approve the appointment at the Company's AGM. The external auditor holds office until its removal or resignation. The ARC assesses the external auditor based on factors such as the performance and quality of its audit and the independence of the auditor, and recommends its appointment to the Board. Pursuant to the requirements of the Listing Rules, an audit partner may only be in charge of not more than of five consecutive annual audits and may then return after two years. Ernst & Young LLP ("EY") has met this requirement, and the current EY's audit partner for the Company took over from the previous audit partner with effect from the financial year ended 31 December 2020.

REPORT ON CORPORATE GOVERNANCE

In reviewing the nomination of EY for re-appointment for the financial year ending 31 December 2022, the ARC had considered the adequacy of the resources and experience of the audit engagement partner assigned to the audit, the size and complexity of the audit exercise for the Group, and the number and experience of the supervisory and professional staff assigned to the Group's audit through a review of the curriculum vita of the EY audit team. The ARC had also considered the quality of discussions with the findings raised by EY, including the Audit Quality Indicators presented. On this basis, the ARC recommended the re-appointment of EY at the upcoming AGM of the Company.

The Company has complied with Rules 712 and 715 of the Listing Rules in relation to the appointment of its auditor.

ACCOUNTABILITY AND AUDIT

Shareholder rights and conduct of general meeting
Principle 11
Engagement with shareholders
Principle 12
Engagement with Stakeholders
Principle 13

The shareholders of the Company have the opportunity to participate effectively and to vote at the Company's AGM and any other general meetings. The Company has employed electronic polling since 2014. An independent scrutineer firm is also present to validate the votes at each general meeting. The results of all votes for and against each resolution is tallied and instantaneously displayed at the meeting. The voting results are announced via SGXNet following each general meeting.

Shareholders are allowed to vote in person or by proxy if they are unable to attend the Company's AGM. The Company's Constitution allows a shareholder to appoint not more than two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. The proxy need not be a Member of the Company. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold SGX shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each general meeting of shareholders. Currently, the Company's Constitution does not allow for shareholders to vote at general meetings in absentia.

Information on general meetings will be disseminated through notices in the annual report or circulars, sent to all shareholders; announced on SGXNet; and advertised in local newspapers. The Company's website at www.cse-global.com also provides updated information to shareholders and investors on its corporate development.

The Company ensures that all material and price sensitive information which may affect the price or value of the Company's shares is promptly disseminated to the public on a comprehensive, accurate and timely basis via SGXNet and is not selectively disclosed. On the rare occasion when such information is inadvertently disclosed to a select group, the Company will make the same disclosure publicly to all others as soon as practicable.

There are separate resolutions at the general meetings on each distinct issue.

All shareholders receive the Annual Report and the notice of AGM. The notice of AGM is also released via SGXNet, published in local newspapers and uploaded on the corporate website. At each general meeting, each distinct issue is proposed as a separate resolution. At the general meetings, shareholders are given the opportunity to air their views and direct questions to the Board on any matter relating to the Group's business and operations or the resolutions tabled at the meeting. At each AGM, the CEO delivers a presentation to update shareholders on the Group's performance over the past year. Directors and senior management are present at general meetings to address shareholders' queries. The external auditors are also present at the AGMs of the Company to address queries about the conduct of audit and the preparation and content of the Auditors' Report. The Company Secretary prepares minutes of general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and Management. These minutes are made available to shareholders on the Company's website.

2021 AGM

In view of the COVID-19 situation in 2021, the AGM for financial year ended 31 December 2020 was convened and held by electronic means on 20 April 2021 pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order") (the "2021 AGM"). Alternative Arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via 'live' audio-visual webcast or 'live' audio only stream), submission of questions to the Chairman of the Meeting in advance of the 2021 AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, were put in place for the 2021 AGM.

REPORT ON CORPORATE GOVERNANCE

Following the amendments to Rule 705(2) of the Listing Rules which came into effect from 7 February 2020, the Company is no longer required to release the Group's unaudited financial statements on a quarterly basis. After due deliberation, the Board decided not to continue with quarterly reporting of the Group's financial results and instead, release financial reports on a half-yearly basis with effect from the financial year ending 31 December 2020.

To supplement the half-year and full year financial reports which continue in the existing format prescribed by the Listing Rules, the Company has been providing business and financial updates for the Group's first and third quarter performance.

In addition, the Company conducts quarterly briefings with analysts based on the business and financial updates which are posted on SGXNet. At such briefings, Management openly communicates the Group's financial and operational performances, business growth strategies as well as general business updates. The Company does not practice selective disclosure of information.

The Company does not have a formal dividend policy but the Board strives to provide sustainable dividend payouts. For the financial year ended 31 December 2021, the Board has proposed a final dividend of 1.5 Singapore cents per share, which brings the full-year ordinary dividend to 2.75 Singapore cents per share, translating to an annual dividend payout ratio of 93.9%.

Securities Transactions

The Company has adopted and issued an internal compliance code entitled "Code of Best Practice on Securities Transactions by Officers" to the Officers of the Group. The internal compliance code set out a code of conduct to provide guidance for the Officers of the Group on their dealings with the Company's securities, as well as the implications of insider trading. During the financial year, the Company's internal compliance code has been amended to be in line with the Listing Rules following the Company's cessation of the quarterly reporting.

Under Company's internal compliance code, the Company, its Directors and officers should not deal in the Company's securities during the following "black out" periods:

- the period commencing two weeks before the announcement of the Company's business and financial updates for the first and third quarters of its financial year and ending after the announcement of the relevant business and financial updates; and

- the period commencing one month before the announcement of the Company's half-year and full-year financial statements and ending immediately after the announcement of the relevant financial statements.

Directors and officers are also advised to adhere to the following rules at all times:

(a) observe insider trading laws and not to deal in the Company's securities while in possession of any unpublished material price-sensitive information; and
(b) not to deal in the Company's securities on short-term considerations.

In addition, Directors are required to report to the Company Secretary within two business days whenever they deal in the Company's securities and the latter will make the necessary announcements in accordance with the requirements of the Listing Rules.

The Company has complied with its Best Practices Guide on Securities Transactions.

Interested Person Transactions

The Company has in place procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC for its review.

There was no shareholder mandate obtained for interested person transaction for the financial year under review.

There was also no interested person transactions for the financial year under review.

Material Contracts

Pursuant to the requirements as stipulated under Rule 1207(8) of the Listing Rules, except for the interested person transactions disclosed under item 17, there were no material contracts of the Company or its subsidiary companies involving the interests of any Directors of the Company, the Managing Director of the Company or any controlling shareholders of the Company or their associates, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

RISK MANAGEMENT

CSE GLOBAL RISK MANAGEMENT FRAMEWORK

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks.

CSE's Board is responsible for governing risks and ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and determining the nature and extent of the significant risks which the Board is willing to undertake in achieving its strategic objectives. Assisted by the Audit & Risk Committee ("ARC"), the Board provides valuable advice to management in formulating the risk management framework, policies and guidelines.

The ARC oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The management surfaces key risk issues for discussion with the ARC and the Board regularly.

The internal auditor's primary role in relation to risk management is to provide management and the board objective assurances in:

a. The design of the risk management processes and how well they are working
b. The effectiveness in management of key risks
c. The reliability and appropriateness in risk assessment and the reporting of the risk and control status

The external auditor will provide objective assurance of the effectiveness of risk management and internal controls, particularly within the financial system and reporting.

Objective

The Board has put in place three risk tolerance guiding principles for the Group. These principles serve to determine the nature and extent of the significant risks, which our Board is willing to undertake in achieving its strategic objectives.

These principles are:

1. Risk taken should be carefully evaluated, commensurate with rewards and in line with the Group's core strengths and strategic objectives.
2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the entire Group.
3. The Group does not condone safety breaches or lapses, non compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

CSE Enterprise Risk Management (ERM) Framework

CSE is committed to establishing an organisation that ensures 'managing risks' is an integral part of its business activities and a core capability where ERM is used to support decision-making. In CSE, ERM implementation aims to achieve more specifically the following objectives:

- Promote good corporate governance and a sound system of Risk Management and internal controls;
- Embed a structured and disciplined approach to systematically identify key risks that will impact CSE's businesses, assess the likelihood and impact of these risks and develop action plans to treat these risks;
- Establish a system to monitor and report key risks to the Group CEO through the Risk Management Committee (RMC) as part of the risk management framework;
- Develop and embed an organisational risk culture within CSE;
- Enhance compliance with relevant legal and regulatory requirements; and
- Minimize unexpected losses and manage expected losses.

CSE's Enterprise Risk Management (ERM) framework provides the Group with a holistic and systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, processes and tools, as well as policies and limits, in addressing the Group's key risks.

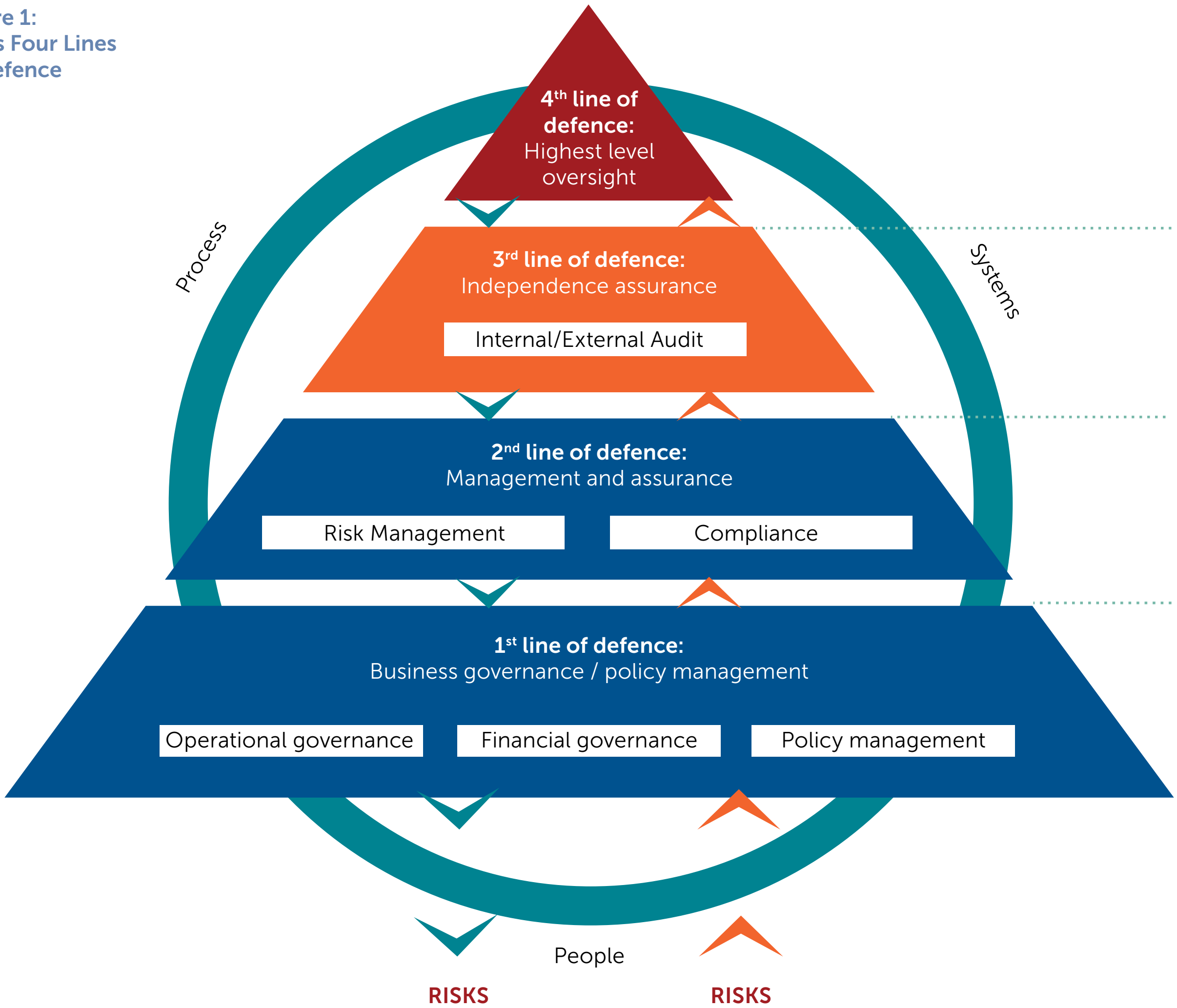
Our ERM framework is constantly refined, ensuring relevance in a dynamic operating environment. The main references of this ERM Framework are:

- ISO 31000 - This ERM Framework Manual is based on the ISO 31000:2018 Risk Management - Guidelines. ISO 31000 is a generic framework on Risk Management and is not specific to any sector or industry. Whilst CSE's ERM Framework Manual has drawn guidance from ISO 31000, further customisation has been made to better suit CSE's operating environment.
- COSO Enterprise Risk Management Framework.

RISK MANAGEMENT

The ERM framework within CSE is to embed and build on the 4 lines of defence (as illustrated in the diagram below), a prerequisite to ensure the overall ERM process and system of internal controls is robust across CSE.

Figure 1: CSE's Four Lines of Defence



Lines of Defence

1. **Business Governance / Policy Management** – This refers to CSE's policies and procedures (e.g. Standard Operating Procedures) and operational staff that help to manage and monitor key risks and detect changes in the organisation's risk profile.

2. **Management and Assurance** – This refers to CSE's Risk Management function and other functions, involved in ensuring compliance, which enforce and coordinates risk and control activities in CSE.

3. **Independent Assurance** – This refers to independent sources of assurance on CSE's internal controls, risk mitigating measures or financial statements.

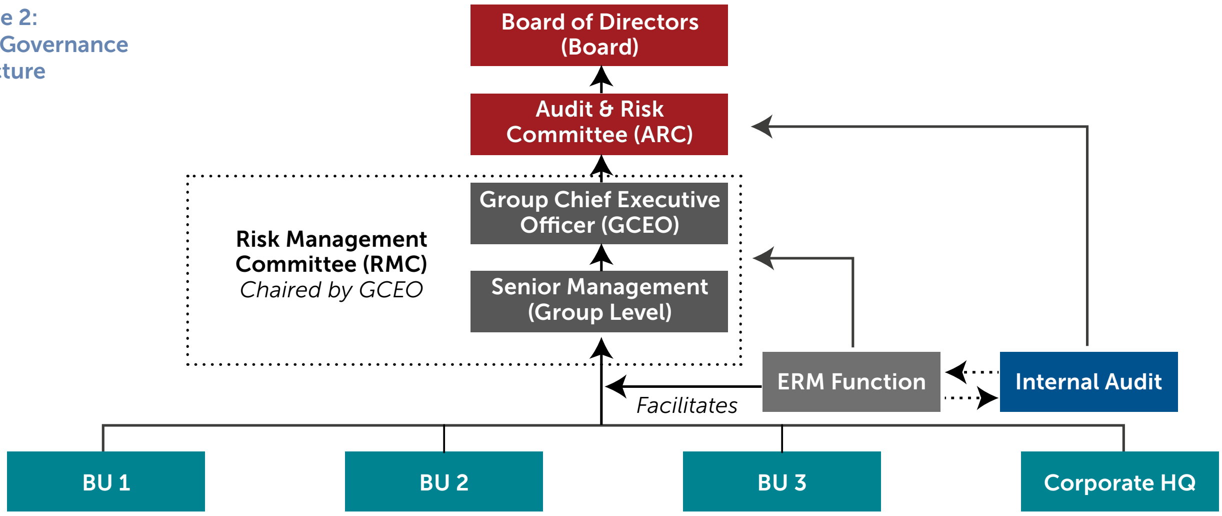
4. **Board Oversight** – This refers to CSE's Board and/or Audit & Risk Committee (ARC) and their oversight over CSE's key risks, controls and measures to manage risks within the organisation.

RISK MANAGEMENT

Risk Governance Structure

Adopting the 4 lines of defence, CSE has developed a risk governance structure embedded within the existing organisational structure with assigned ERM roles and responsibilities that provide an appropriate segregation of duties:-

Figure 2:
ERM Governance Structure



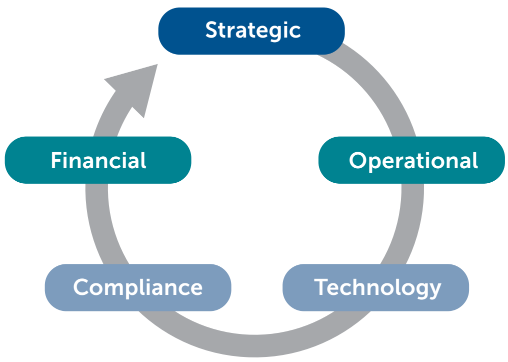
As a Group, we adopt a balanced approach to risk management. As not all risks can be eliminated, we will only undertake appropriate and well considered risks to optimise returns for the Group.

Risk Factors

Our financial performance and operations are influenced by a vast range of risk factors. Many of these affect not just our businesses, but also other businesses in and outside the industry. These risks vary widely and many are beyond the Group's control. There may also be risks that are either presently unknown or not currently assessed as significant, which may later prove to be material. However, we aim to mitigate the exposures through appropriate risk management strategies and internal controls.

Key Risks

A clear and comprehensive risk categorisation is used to define and organise relevant risks to facilitate risk identification, assessment, measurement, monitoring and reporting.



Strategic Risks	Associated with the business plans, strategies, and strategic positioning of the enterprise. Have longer term perspective and could result in significant material impact to the business.
Operational Risks	Associated with the delivery of goods or services to the customers, often relating to people, processes and systems.
Technology Risks	Associated with use, ownership, operations, involvement, protection and adoption of IT. Includes IT reliability and continuity, data protection and cyber security.
Compliance Risks	Associated with compliance to regulations imposed by authorities or contractual commitments to business contracts.
Financial Risks	Associated with the financial performance of the business and the recording of business activities in the financial statements.

RISK MANAGEMENT

1) Strategic Risk

Market and Competition

The Group's strategic risks comprise market and competition risks. These include market driven forces, increased competition and changing customer demands. The Group remains vulnerable to challenges and uncertainties in the industry markets in which it serves, implications from geo-political developments on globalisation and threats of disruptive technology. The Group holds strategy meetings to review business strategies and develop action plans to mitigate against these risks.

The ARC guides the Group in formulating and reviewing risk policies and limits. These are subject to periodic reviews to ensure they continue to support business objectives and are aligned to our risk tolerance level. Taking into consideration the prevailing business climate and the Group's risk appetite, the policies aim to address risks effectively and proactively.

The Group competes internationally with many firms that are substantially larger and have substantially greater financial, professional and other resources than the Group. The Group's continued success depends on its ability to compete effectively with its competitors as well as to persuade customers to use the Group's products and services instead of those developed in-house by the customers. The Group intends to further develop its niche markets in the energy and petrochemical / chemical, oil and gas and power and utility industries, as well as the water, drainage, sewerage and environmental industries, and the public sector. The Group intends to achieve this by offering customers industry specific knowledge and cost-effective solutions. Such a strategy has enabled the Group to enjoy significant growth in recent years as reflected in its turnover and profits.

Management of growth

The Group has experienced rapid growth in the past few financial years in terms of the number of employees, scope of activities, geographical markets and level of technical expertise. This growth has resulted in added responsibilities for the Group's management who are responsible for overseeing the expansion of the Group's operations into new products and geographical markets. Further, in order to meet the demand of its current and future projects, the Group will need to attract, motivate and retain a significant number of highly qualified professionals who have significant relevant industry experiences. As a systems integrator providing highly sophisticated information technology and industrial automation solutions and services locally and overseas, the Group requires qualified professionals who are experienced and possess the relevant skill sets. Given the exacting job specification, the pool of qualified professionals is relatively small. As such, the Group faces keen competition for such pool of qualified professionals. Moreover, due to rapid growth in the global information technology and industrial automation markets, increasing competition for such professionals may also increase the Group's labour costs. To manage and sustain its growth effectively, the Directors must continue to expand its management team by attracting more talent into the Group and to motivate and retain such professionals at a competitive cost, as well as improve its operational efficiency and financial management.

Acquisitions and Divestments

Being an acquisitive company, CSE faces challenges arising from integrating newly acquired businesses with our own operations and managing these businesses in markets where we have limited experience. The Group risks not being able to generate synergies from these acquisitions, and the acquisitions may become a drain on the Group's management and capital resources.

The Company recognises the risks associated with acquisitions. However, CSE views suitable acquisitions as the fastest way to achieve scale and will mitigate risks through pre-acquisition due diligence and carefully managed integration processes. CSE recognises that rapid growth will stretch the organisation, its infrastructure and processes, but is willing to bear the attendant risk so long as it is able to reasonably mitigate the key risks.

CSE has an established process for evaluating acquisition and divestment decisions. Acquisitions are monitored to ensure they are on track in meeting the Group's strategic objectives and investment returns.

The Board guides the Group to take risks in a controlled manner, preserving the entrepreneurial spirit as well as exercising financial discipline to earn the best risk adjusted returns on invested capital. The investment portfolio is constantly monitored to ensure that performance is on track to meet the Group's strategic objectives and investment returns.

Human Resources

CSE is committed to attracting and retaining the best talents, with the ultimate goal as a preferred employer of choice. This can be achieved by maintaining good employee relations, promoting employee engagement, enhancing talent development and fostering a conducive work environment for our employees. The Group continues to focus on strengthening and building our human capital and capabilities to support our long term and sustainable growth plans.

2) Operational Risk

Project Management

As a contractor and system integrator, CSE is subject to the risks of increased project costs, disputes and unexpected implementation delays, any of which can result in an inability to meet projected completion dates. We face potential project

RISK MANAGEMENT

execution risks when projects are not accurately scoped or the quality of service performance is not up to customers' specifications, resulting in over-commitments to customers, as well as inadequate resource allocation and scheduling. These can lead to cost overruns, project delays and losses. The Group has a project risk management framework in place with processes for regular risk assessment, performance monitoring and reporting of key projects. Particular attention is given to technically challenging and high value projects, including greenfield developments, as well as those that involve new technology or operations in a new country. Projects are managed in accordance to the respective country's environmental laws and labour practices.

Health, Safety & Environment
Maintaining a high level of health, safety and environmental (HSE) standards is of paramount importance to the Group. As such, we are constantly raising awareness and building a HSE culture at the ground level. Key initiatives include driving a zero fatality strategy across our global operations, enhancing competency of employees performing safety critical tasks, strengthening operational controls, as well as developing more proactive and leading metrics to monitor HSE performance. Environmental management practices in key operating sites are also closely monitored. As a Group, we continue to embrace and leverage technology to improve HSE processes and systems.

Business & Operational Processes
Through ongoing efforts to streamline business processes, we have established a common shared services platform which allows us to achieve cost savings, improve efficiency and productivity, as well as enhance governance, compliance and control. We adopted ISO standards and certifications to achieve standardisation of processes and best practices. In addition, procedures relating to defect management, operations, project control and supply chain management were established to improve quality of deliverables. We conduct regular reviews of policies and authority limits to ensure that they remain relevant in meeting changing business requirements.

Business Continuity
We are committed to enhancing operational resilience through a robust Business Continuity Plan (BCP) that will equip us to respond effectively to disruptions, while continuing with critical business functions and minimising the impact on our people, operations and assets. As a Group, we have increased efforts in reviewing and testing our operational preparedness and effectiveness of these plans. Follow up actions are taken to strengthen operational resilience and key learning points are documented.

Crisis management and communication procedures have also been embedded into the Group's BCP processes. These procedures are constantly refined to allow us to respond in an orderly and coordinated way, as well as to expedite recovery. Our focus is on building capabilities to respond to crises effectively while safeguarding our people, assets and the interests of our stakeholders.

3) Technology Risk

Information Technology
The Group has in place an Information Technology (IT) security framework to address evolving IT security threats such as hacking, malware, mobile threats and loss of data. Our IT security, governance and controls have been strengthened through the alignment of IT policies, processes and systems, and the consolidation of servers and storages.

Extensive training have been conducted on user security education to heighten awareness of IT threats. Measures and considerations have also been taken to safeguard against loss of information, data security, and prolonged service disruption of critical IT systems.

4) Compliance Risk

We have a defined framework and continue to work towards strengthening our policies and processes surrounding regulatory compliance, to foster a compliance centric culture. The framework deals with the structure, people, policies and activities required for management to identify, assess, mitigate and monitor key compliance risks.

(i) Laws, Regulations & Compliance
Given the geographical diversity of our businesses, we closely monitor developments in laws and regulations in countries where the Group operates, to ensure that our businesses and operations comply with all relevant laws and regulations. We regularly engage with local government authorities and agencies to keep abreast of changes in regulations.

Recognising that non compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all our operations.

RISK MANAGEMENT

(ii) Corporate Governance - Policies And Procedures

(a) Employee Code of Conduct

We have a strict Code of Conduct that applies to all employees, who are required to acknowledge and comply with the code. The Code of Conduct sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Company, customers and suppliers. It covers areas such as conduct in the workplace and business conduct, including anti corruption and conflict of interests. These policies are reviewed regularly and updated to reflect changes where required.

(b) Whistle Blowing Policy

CSE has had a whistle-blowing policy and procedures, which provide employees with well-defined and accessible channels within the Group through which they may, in confidence, raise concerns about possible improprieties in matters of business activities, financial reporting or other matters to the Audit Committee. This arrangement facilitates independent investigation of such matters for appropriate resolution.

(c) Training & Communications

Training is a key component within CSE's regulatory compliance framework and we continue to focus on refining our compliance training programme and curriculum for new and existing employees. Training programmes are tailored to the audience and we leverage Group wide forums to reiterate the key messages. Our employees are also required to complete mandatory annual assessment covering key policies, as well as to acknowledge that they have read and understood our policies and declare any potential conflicts of interest.

(d) Financial Discipline Process

A systematic approach has been in place for CSE Global Limited and its subsidiaries to ensure financial discipline across the Group. We have set up a selfcheck, review and certification process called the Self Assessment Declaration for all subsidiaries to confirm their commitment to and compliance with a prudent financial discipline framework. The framework provides for management at various levels in the countries to systematically review and ensure compliance with the requirements of new accounting standards and the treatment of transactions and ensures that acceptable accounting policies are followed. It allows early identification of areas of potential exposure that can be addressed to minimise adverse impact to the Group as well as ensure the adequacy of provisions made in the accounts.

Each subsidiary operating and finance heads are required to review, report and ensure adequate provisioning for project losses, asset impairment, significant long outstanding debtors, significant inter-company balances, contingent liabilities, fraud incidents and any transactions and/or events with material impact or potential material impact on the subsidiary's financial results. These financial impacts (if any) are reported on a quarterly basis to CSE Global Limited and accounted for in the interim accounts of the respective subsidiary.

Each subsidiary are also required to complete the review and certification of financial discipline for revenue recognition, cost recognition, recognition of assets and liabilities, recognition of assets, consolidation and internal controls.

5) Financial Risk

Fraud, Misstatement of Financial Statements & Disclosures

We continue to maintain a strong emphasis on ensuring financial statements are accurate and presented fairly in accordance with applicable financial reporting standards and framework. Where appropriate, we leverage the expertise of the external auditors in the interpretation of financial reporting standards and changes. Regular external and internal audits are conducted to provide assurance on accuracy of financial statements and adequacy of the control framework supporting the financial statements. We encourage regular training and education programmes to enhance competency of finance managers across the Group.

Financial Management

The Group operates internationally and is exposed to a variety of financial risks, including currency risk, interest rate risk, credit risk and liquidity risks.

As part of the Group's Enterprise Risk Management framework, Group treasury policies and financial authority limits are documented and reviewed periodically. The policies set out the parameters for management of Group liquidity, counterparty risk, foreign exchange and derivative transactions and financing.

The Group utilises various financial instruments to manage exposures to interest rate and foreign exchange risks arising from operational, financing and investment activities. Transactions such as swaps, options and contracts for difference hedge the Group against fluctuations in the market prices of the underlying instruments. The Group monitors and hedges,

RISK MANAGEMENT

where appropriate, its exposure to fluctuations in interest rates and foreign exchange rates. Exposures to foreign currency risks are also hedged naturally where possible.

The financial authority limits seek to limit and mitigate operational risk by setting out the threshold of approvals required for the entry into contractual obligations and investments.

Impact assessment and stress tests are performed to gauge the Group's exposure to changing market situations, allowing for informed decision making and implementation of prompt mitigating actions. We also regularly monitor the concentration of exposure in the countries where the Group operates.

The Group's principal financial instruments comprise bank loans, finance leases, cash and bank balances. The main purpose of these financial instruments is to finance the Group's operations. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors resolutions and banking mandates which define the permitted financial instruments and facilities limits, approved by the Board of Directors. All financial transactions require dual signatories. The Group has various other financial assets and liabilities such as trade receivables, trade payables, and lease liabilities which arise directly from its operations.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar (SGD), United States Dollar (USD), British Pound (GBP), Euro (EUR), and Australia Dollar (AUD). Approximately 99% (2020: 99%) of the Group's sales and approximately 83% (2020: 83%) of costs including taxes are denominated in the respective functional currencies of the Group entities.

The Group's trade receivables and trade payables balances at the end of the reporting period have similar exposures with 92% (2020: 96%) and 86% (2020: 87%) denominated in their respective functional currencies.

The Group and the Company also hold cash and bank balances denominated in foreign currencies of respective entities for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD, GBP, EUR, AUD and SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as the currency positions in the respective countries are considered to be long-term in nature.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables, and contract assets. For other financial assets (including other investment and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

In respect of credit risk arising from the inability of customers of the Group to make payments when their receivables fall due, it is the Group's policy to provide credit terms to creditworthy and reputable customers. These receivables are monitored on an ongoing basis to ensure that issues arising from non-collectibility are minimised.

Exposure to credit risk

The Group's maximum exposure to credit risk, in the event that the counter-parties to the transactions with the Group fails to perform their obligations at the end of reporting period in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet, and is generally limited to the amounts, if any, by which the counter-parties' obligations exceed the obligations of the Group.

The Group has no significant concentration of credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to related companies and bank deposits.

The Company's loans at floating rate given to related parties form a natural hedge for its current floating rate bank loan. All of the Group's and Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2020: less than 6 months) from the balance sheet date.

In respect to the term loan, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Liquidity risk
Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks. At the end of the reporting period, 50% (2020: 70%) of the Group's loans and borrowings (Note 14) will mature in less than one year based on the carrying amount reflected in the financial statements.

Notwithstanding the headwinds, we continued a disciplined pursuit of new opportunities and revenue streams to safeguard shareholders' interests and the Group's assets. Supported by a robust risk management system, we are able to respond effectively to shifting business demands and seize opportunities that create value for our stakeholders.

Proactive Risk Management
We remain vigilant against emerging threats that may affect our different businesses. Through close collaboration with stakeholders, we will continue to review our risk management system to ensure that it remains adequate and effective.

	OUR RISKS
Strategic Risks	Market and competition Management of growth Acquisitions and Divestments Human Resources
Operational Risks	Project Management Health, Safety & Environment Business & Operational Processes Business Continuity
Technology Risks	Information Technology
Compliance Risks	Laws, Regulations & Compliance Corporate Governance – Policies and Procedures
Financial Risks	Fraud, Misstatement of financial statements & disclosures Financial Management - Foreign currency - Credit - Interest rate - Liquidity

SUSTAINABLE IN OUR APPROACH

We are guided by environmental, social and governance considerations in our approach towards building a strong, sustainable and successful business

MESSAGE FROM THE GROUP CEO

LIM BOON KHENG
Group CEO

It gives me great pleasure to present our Sustainability Report for the financial year ended 31 December 2021 ("FY2021"). In our report, we highlight the progress and achievements of our organisation over the previous 12 months, with particular focus on our commitment to working alongside our valued stakeholders to build a sustainable business based on our resilience, adaptability and innovation.

It is our belief that building a sustainable business is vital to our continued success and that we must be fully accountable for our impact on the environment, our customers, our people and our community as well as its financial performance.

The delivery of sustainable results is a critical aspect of our ability to remain strong and financially stable. Acknowledging this helps to put into focus our commitment to principles laid out in our Corporate Sustainability Policy. Our responsibility to society is to ensure that sustainable practices are incorporated into every link of our value chain. We must meet the needs not only of our customers, employees and the community we operate in, but also those of our environment and our future generations.

This report provides detail about how we have met our responsibilities with our key stakeholders during the FY2021 and beyond.

ABOUT THE REPORT

This sustainability report articulates our commitment to sustainability and transparency. The report is designed to provide a transparent and balanced view of CSE Global Limited (the "Company") and its subsidiaries (the "Group"), to reflect the interests of our key stakeholders, and to address those interests pragmatically. This report aims to include comprehensive and accessible information on the company's strategy towards sustainability, key issues as well as data according to recognized standards.

2.1 REPORT SCOPE

The report covers the performance of our consolidated entities in financial year 2021 ("FY2021") from 1 January 2021 to 31 December 2021. The content of this report will focus on the sustainability performance, activities and initiatives that are under our direct control, including our Singapore and international offices and operations, our local supply chain as well as any overseas activities directly associated with us. Material issues and topics described in this report have been selected according to their level of significance within the company boundaries, the sustainability context and the expectations of stakeholders which are reflective of our core business in a consistent manner for comparability of our performance indicators across time. In this respect, this report covers our core businesses in our material operational boundaries globally.

This sustainability report focuses on the Group's sustainability strategies and practices whilst highlighting the economic, environmental, and social and governance aspects of our activities and developments. The report aims to provide an overview of our approach, priorities and targets, as well as a performance review for our key sustainability areas.

2.2 REPORT METHODOLOGY

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option. We have chosen the GRI Standards reporting guidelines for its robust guidance which offers an international reference for the disclosure of governance approach and of the environmental, social and economic performance and impacts of organizations. This report also takes into consideration the primary components of the report content as set out by the Singapore Exchange's (SGX's) "Comply or Explain" requirements for sustainability reporting. Our data are reported in good faith and to the best of our knowledge. We will continue to improve our data collection processes.

We did not seek external assurance for this report.

2.3 REPORT STRUCTURE

This Sustainability Report is structured to reflect the interests of our key stakeholders. We have identified five key stakeholder groups, namely, the environment and future generations, employees, customers, suppliers and communities. For each stakeholder group, we lay out our management approaches that govern how our material issues are identified as well as how the issues are prioritized and managed. Further, we will present our initiatives relating to sustainability in the areas of environmental, social and economic issues relevant to our aspects and boundaries. Finally, we will provide the information of our key performance indicators, performance targets and outcomes.

The information regarding the basis for report boundaries and our materiality assessment is provided in section 4.

Altogether, this report provides the basis for our responses and disclosures to the GRI-Standards 'In-Accordance' - Core requirements. Relevant sections in the report are referenced in the GRI Content Index section.

2.4 REPORT CONTACT AND FEEDBACK

We welcome and value your feedback on the content of this report and encourage you to contact us through the following channels:

In writing to:
Investor Relation
CSE GLOBAL LIMITED
202 Bedok South Avenue 1
#01-21
Singapore 469332

Via our IR contact at https://cseglobal.listedcompany.com/

This report is also provided in PDF format which is available for download on the following page of our website: https://cseglobal.listedcompany.com/sr.html

CORPORATE PROFILE

3.1 VISION AND MISSION

We believe it is our responsibility to manage the Group successfully on a sustainable long-term basis. We are committed to deliver greater value and returns to our shareholders, business partners and employees.

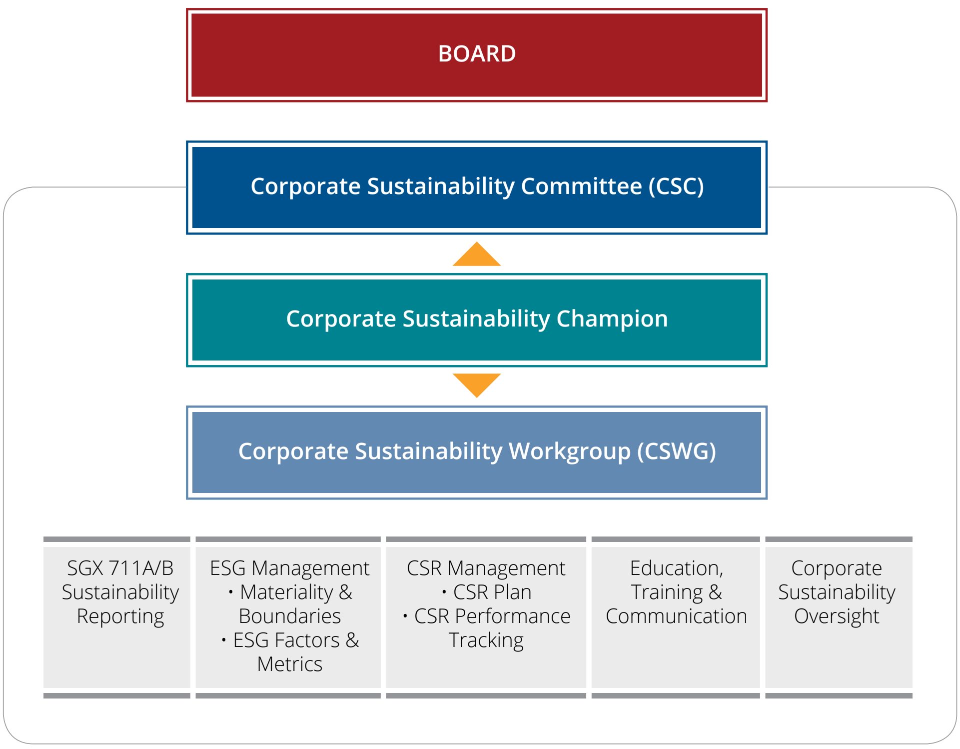
Our employees operate according to a set of core values that guide all aspects of our business. We recognise that cooperation, communication and trust are essential for us to collaborate to compete, and that care and concern through respect, patience, empathy and consideration are essential, both between each other and among the communities in which we operate.

3.2 GOVERNANCE

Our Board of Directors (the Board) oversees all corporate governance and operational matters relating to our business. For corporate sustainability, the Board is supported by the Corporate Sustainability Committee (CSC) which is chaired by our Group Managing Director (Group MD) and Group Chief Financial Officer (Group CFO). CSC provides leadership and approval over corporate sustainability matters such as Corporate Social Responsibility (CSR) plan, community investment and environmental initiatives. Supported by CSC, our Corporate Sustainability Champion (the Champion) is our Subject Matter Expert (SME) in the area of corporate sustainability, and pro-actively raises awareness through education and training across the organization. Through the Corporate Sustainability Work Group (CSWG), our Champion engages businesses and functions in collectively executing the CSR plan, identifying and managing the Environment, Social and Governance (ESG) Factors as well as engaging sustainability stakeholders. Businesses and functions provide back-to-back assurance over the quality of information for sustainability reporting.

3.3 ETHICS AND COMPLIANCE

Being a listed company in the Singapore Exchange (SGX), we are managed to the highest standards of corporate governance as required in the listing rules. We strictly conform to local and international best practices. Our corporate governance framework covers ethics and compliance through a Code of Conduct as well as action guidelines which are to be adhered by the officers and employees across all major entities of the organization. Every new employee in these major entities is introduced to our Code of Conduct and our policies on ethics and compliances which includes areas such as anti-corruption. Communication channels, such as Whistle-Blower and Board escalation process, are in place to enable all employees and individuals engaged in business activities to report complaints of unethical behaviour. We have dedicated officers who maintains a register of incidences regarding ethics and compliance issues and escalates to the management where appropriate.



INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

CSE Global Limited (CSE) is an international technology group listed on the Singapore Stock Exchange. Over the last decade, CSE has transformed itself to be a truly global organisation with over 1,400 employees worldwide.

The CSE Group of companies has been very successful in offering cost effective, totally integrated solutions to industries in the Automation, Telecommunications and Environmental sectors.

The Group now operates a network of 45 offices across the globe, generating more than 93 percent of its revenues outside its home market. In line with its global ambitions, the Group has adopted the ISO 9001 Quality Management System as certified by Lloyd's Register Quality Assurance (LRQA) and DNV.

We believe corporate social responsibility is a key driver towards long-term sustainability. Such responsibility is pragmatically integrated into our business practices as one of the core values in our corporate culture. Embedding such responsibility into our management processes across the value chain allows us to establish credibility among our stakeholders. Through our action today, we play a part in influencing the environment for our future generations. Through integrating the notion of sustainability in our business, we ensure that our business strategy and operations are in line with a long-term vision towards a conducive and sustainability future.

4.1 SUSTAINABILITY MANAGEMENT FRAMEWORK

In FY2017, we took the initiative to establish our sustainability reporting framework. We performed an analysis on our business and operation models as the basis for our stakeholder mapping and materiality assessment. Through our analysis, we identified five key stakeholder groups within our sustainability context and their respective material issues are to be shown in this report.

4.2 KEY STAKEHOLDERS AND MATERIAL ISSUES

We have a regular review, assessment and feedback process in relation to Environmental, Social and Governance (ESG) topics. Key to this is our regular Risk Assessment and Control Self-Assessment exercise which entails the identification, assessment and documentation of material risks and corresponding internal controls. Such material risks include fraud and corruption, environmental, health and safety, and human capital risks which are ESG-relevant. We are continuously improving the adequacy and effectiveness of our Risk Assessment and Control Self-Assessment processes in response to changing business and operation environment.

Through regular stakeholder engagement, we identify and review material issues that are most relevant and significant to us and our stakeholders. For external stakeholders, priority is given to issues important to society and applicable to us. Then, we prioritize our sustainability efforts and report issues that are most material to its business and stakeholders. Considering that specific stakeholders and material issues are specific in countries and locations, we are reporting the stakeholder engagement and material issues for our Singapore operations in this report.

Stakeholders	Material Issues	Significance
Future Generation	• Environmental education of our employees and customers • Reduction of carbon emissions • Energy consumption	Our sustainability agenda for the environment and future generation is embedded into the day-to-day business activities among our staff. We continue to strive to improve from a holistic perspective through the company culture and practices. Within the big picture of sustainability, we take steps to focus on key goals such as curbing global warming and conserving resources. Such areas are crucial to a sustainability economic ecosystem for our customers which are keys to our business sustainability.
Employee	• Employee well-being through workplace health & safety and work life balance • Regular training of employees on critical skillsets to sustain competitiveness • Competitive compensation scheme to retain talents • Non-discrimination, diversity and equality • Senior management engagement with employees	An ethical and professional working environment is crucial in cultivating a corporate culture which motivates and empowers our employees to meet their full potential both professionally and personally.
Customer	• Safety of our customers in our services delivery • Customer data privacy • Customer satisfaction and customer-centric approach	The quality and safety of our services and products to our customers are the core focuses of our commitments. Through our quality and safety commitments to our customer, we will, in turn, be contributing to their own successful sustainable development.
Supplier	• Environmental, labour and human rights impact in the supply chain	To effectively and meaningfully implement our sustainability agenda, it is important that our suppliers and partners share our values in their business practices in the areas such as the environment, human rights, labour practices and corporate ethics. Such alignment of values is a crucial part of building mutually beneficial relations with supplier and channel partners to enhance both their own competitiveness and that of ours.
Community	• Impact on communities and local economies, and future generation education • Economic value generated and distributed to local community	In our vision in moving our business to high-value-added business areas, abilities to identify and attract people with knowledge and talent are crucial to sustainability of our businesses. Within a broad range of our community engagements, we focus on the education of today's youth and providing financial and practical support to targeted local and communities, through donation, sponsorship, fundraising and voluntary activities.
Common to All Stakeholder Groups	• Compliance with prevailing laws and regulations • Good corporate governance & ethics, transparency and non-financial reporting • Ethical business practices such as anti-corruption • Grievance mechanisms	Legal compliance and ethical practices are the core foundation of our business. Such culture is established and sustained through strong corporate governance, transparent reporting and open communications with all our stakeholder groups.

4.3 ALIGNMENT WITH INTERNATIONAL INITIATIVES

4.3.1 Sustainable Development Goals (SDGs)

Established in 1945 under the Charter of the United Nations (UN), the General Assembly occupies a central position as the chief deliberative, policymaking and representative organ of the United Nations. Comprising all 193 Members of the United Nations, it provides a unique forum for multilateral discussion of the full spectrum of international issues covered by the Charter. It also plays a significant role in the process of standard-setting and the codification of international law.

On 25 September 2015, the UN General Assembly adopted the 17 Sustainable Development Goals (SDGs) to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years. Although the SDGs are primarily aimed at governments, they represent an important opportunity for businesses to also act for a more sustainable world. We will use SDGs as one of the guiding principles for our sustainability initiatives.

We acknowledge that our participation in reaching the SDGs has room for improvement. As we advance on our sustainability journey, we will continue to assess our alignment with the SDGs and, whenever possible, redirect our internal priorities and sustainability strategy to more effectively and comprehensively address the goals.

SDGs Logo Source: http://www.un.org/sustainabledevelopment/news/communications-material/

SDG Goal	Relevant Targets to Our Businesses (Source: http://sustainabledevelopment.un.org)	Our Participation
13 CLIMATE ACTION	13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	We have our own internal processes and environmental policies to reduce electricity and fuel consumption. Our approach to mitigating climate change includes staff training and implementing energy-efficient measures. We monitor and report our GHG emissions and set reduction targets.
15 LIFE ON LAND	15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.	All the paper used in our offices are either Forest Stewardship Council (FSC) certified or made from KHAN-NA. We actively promote the use of such papers across our organisation. Through that, the Company supports efforts in mitigating global warming and the creation of positive rural community engagement, job opportunity, and better livelihood for the farmers and members of the community.

3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS	The following SDG goals are relevant to our business, operations and value chain. They are addressed in our various policies at group level. Such goals are also embedded in various initiatives carried out across the organization.
1 NO POVERTY; 2 ZERO HUNGER; 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 14 LIFE BELOW WATER	We do not believe these goals are relevant to our business or industry. They are not within our boundaries and scope of influence; therefore, we are currently unable to make noticeable contributions to such goals.

4.3.2 United Nations Global Compact (UNGC)

The United Nations (UN) Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.

Below are the references of our report to the 10 principles of the UN Global Compact.

Principle	Report Section	
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	5.2.2.1, 5.2.6
Principle 2	Make sure that they are not complicit in human rights abuses.	5.2.2.1, 5.2.6
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.2.2.1, 5.2.6
Principle 4	Elimination of all forms of forced and compulsory labour.	5.2.2.1, 5.2.4.1
Principle 5	Effective abolition of child labour.	5.2.1, 5.2.2.1
Principle 6	Elimination of discrimination in respect of employment and occupation.	5.2.2.1, 5.2.6
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	5.1.1
Principle 8	Undertake initiatives to promote greater environmental responsibility.	5.1.2, 5.1.3
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	5.1.2, 5.1.3
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	3.3

4.4 AWARDS AND ACHIEVEMENTS

Year	Description
2001	ISO9001
2007	ISO14001
2014	Bizsafe
2019	ISO45001

STAKEHOLDER ENGAGEMENT

We believe that good Corporation Social Responsibility (CSR) practice goes hand-in-hand with good corporate management practice.

We also recognize that it is vital that our management approaches are adaptable to the dynamics of business and operation environment in such a way that we can continuously assess our impacts, develop sustainability objectives and respond in a proper manner to meet our stakeholders' expectations. Our CSR framework is based on our approach to sustainability and includes policies and measurement mechanisms to monitor the impacts made by our businesses and operations.

Key to the success of our sustainability programme is regular and up-to-date communication about our CSR policies and activities to all our stakeholders, and the provision of appropriate feedback mechanisms so that we can monitor and evaluate how we are doing and explore new possibilities stimulated by stakeholder responses. We see our sustainability reports as being a critical component of this continuous cycle of communication and evaluation. The overall sustainability context of the stakeholder engagements is managed through our CSR plan for our sustainability governance oversight.

Stakeholder	Management Approach	Initiatives	Outcome and Response	Boundaries
Future Generation	Environmental policy, Waste Management, ISO 14001 certification	Internal Awareness and Education	Energy Efficient Lighting (e.g. LED), Digital Filing and Document to Reduce Paper Consumption.	Group Operations
Employee	Code of Conduct, Fair Employment Practices, Training and Career Development, Flexible Work Policy, Pension Scheme, WHS Framework, OSHAS Certification, BizSafe	Staff Communication Sessions, Staff Feedback Process, Staff Exit Interviews	Work Life Balance Programmes, Training Programmes, Employee Benefits, Re-engagement	Group Operations
Customer	Customer Relationship Management Policies, Policies on Quality Assurance, Data Security for Customer Information, Privacy policy, ISO9001	Customer Feedback Process, Competitive Benchmarking survey, Customer Data Protection Awareness and Education Program	Customer Complaints and Compliments Statistics / Trending	Group Operations
Supplier	Supplier Selection and Regular Review Process	Feedback and Communication with Suppliers through Supplier Performance Review	Incident Register, Supplier Engagement	Group Operations
Community	Selection of Community Initiatives in Alignment with Organization Goals	CSR Programme, Awards and Accolades	Increase Visibility of Company's CSR Efforts, Internship Programmes (Support Young Talents who are Disciplined, Creative, and Innovative), Education Scholarships, Awards and Accolades Programmes	Group Operations

5.1 PROTECTING OUR ENVIRONMENT FOR THE FUTURE GENERATIONS

5.1.1 Our Approach

We are committed to maintaining and building on the same stringent environmental policies and standards as our parent company and key regional affiliates. We continually seek new and innovative ways to reduce the environmental impact of our products and services while maintaining the highest levels of quality. We recognise our responsibility to protect the environment for the health and wellbeing of future generations.

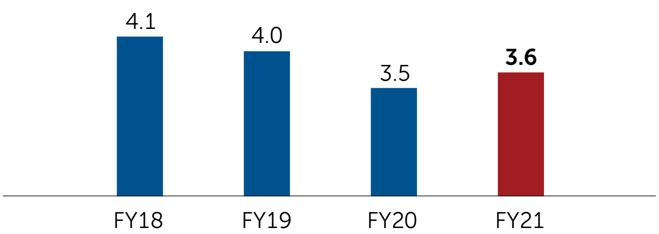
5.1.2 Reduction of Carbon Footprint

We recognize that the effective management and monitoring of its carbon footprint can reduce operating costs, raise brand profile, create a competitive edge and increase stakeholder value. Our carbon footprint is measured in terms of Greenhouse Gas (GHG) emission. However, GHG emission is an absolute measure of how much carbon dioxide equivalent (CO_2e) is emitted. Our GHG emission is predominantly indirect (Scope 2) emission. We have started the process of tracking direct (Scope 1) emission with effect from FY2018 for some of the group entities and will be extending the process to cover rest of entities progressively in forthcoming periods with the aim to track, report and manage direct emission in the future years. We do not include the GHG emissions generated by our suppliers (Scope 3).

Considering the changes and dynamics of business and operations, we established our GHG emission efficiency index for consistent tracking of carbon footprint over time. To this end, we have set a target for GHG emission efficiency improvement of 10% from our 2018 level by 2030. Our target for GHG emission improvement is 0.8% per year. Although various business lines and operations account for different percentage of GHG emissions across the organization, they all support this target and have aligned our environmental objectives accordingly.

In FY2021, our GHG emission efficiency index stands at 3.6, which is 2.9% increase as compared to last year, arising from the increase in vehicle fleet to support geopraphic expansion. We will continue to monitor and ensure our 2030 goal to be met.

GHG CARBON EMISSION INDEX
($TONNES-CO_2$ / MIL. SGD)



5.1.3 Reduction of Paper Consumption

All our employees are urged to minimize paper wastage at work by adhering to our Internal Paper Usage Reduction Guidelines. For example, encouragement of double-sided printing and blank sides of unneeded single-sided copies are used for printing drafts. Paper re-use and recycling habits are also cultivated through various initiatives.

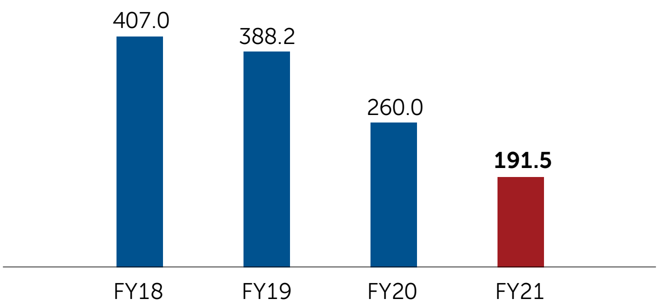
Further, we encourage all employees to adopt digital documents instead of paper documents with an aim to further reduce paper consumption.

Considering the changes and dynamics of business and operations, we established our paper consumption index for consistent tracking of paper consumption over time. To this end, we have set a target for a paper consumption improvement of 10% from our 2018 level by 2030. Our target for paper consumption improvement is 0.8% per year. Although various business lines and operations account for different percentage of paper consumption across the organization, they all support this target and have aligned our environmental objectives accordingly.

In FY2021, we consumed total of 89,734 kg of paper, 100% of which are either Forest Stewardship Council (FSC) certified or made from KHAN-NA.

Our paper consumption index standards at 191.5 which is of 26% improvement as compared to FY2020. We have already accomplished our 2030 targets but we are still working on further improvements in the forthcoming years.

PAPER CONSUMPTION INDEX
(KG / MIL. SGD)



5.2 CARING FOR OUR EMPLOYEES

5.2.1 Our Approach

Our people are our most valuable resource and investing in their professional and personal well-being is vital to our business sustainability. Our goal is to establish work ethics among our employees, which are in line with our core values and code of conduct. They are the foundation upon which we build all our business initiatives and conduct our day-to-day activities.

We recognise that a motivated workforce will convey a positive and powerful message to all our key stakeholders, such as our customers, suppliers and the members of the community. By attracting, nurturing, empowering and rewarding our employees, we create an environment conducive for innovation and inspiration flourish to further boost our competitiveness. Such commitment to our employees promotes a corporate culture of passion, quality, excellence and trust within the organization which reflect in our ability to create values to our stakeholders.

Our Human Resource (HR) management principles and policies have been developed and established based on fair employment practices with the goal of attracting, supporting and maintaining a motivated workforce. Our HR policies cover key areas such as remuneration, benefits, health and safety, career development and training. Such policies are communicated to all employees through our comprehensive Employee Handbook which is regularly reviewed by our management and we constantly seek feedback from our staff to ensure that our decisions are aligned as much as possible with their needs.

Our business operates in an environment which comprises diverse races, cultures and geographic locations. With this in mind, our HR polices are implemented across the organization within the principles with pragmatism, taking into consideration of the prevailing laws and regulations as well as local culture, norms and racial sensitivity.

5.2.2 Employment Practices

Our employment practices focus on maximizing the strength of our employees by providing equal opportunities based on merits, and help our employees to develop strength through our comprehensive training and development programme. We regularly review the performance and development of our employees to effectively match their strength to their job specifications. Our performance based reward scheme provides guidance and motivation to our employee to perform to their potentials in alignment with the objectives of the company.

5.2.2.1 The Tripartite Guidelines on Fair Employment Practices

We proactively pursue and adopt best practices in HR management. Our HR practices for Singapore office are guided by the Singapore Tripartite Alliance for Fair and Progressive Employment Practices. The Singapore Tripartite Alliance comprises the Ministry of Manpower, Singapore National Employers Federation and National Trades Union Congress. The Tripartite Alliance has formulated guidelines on fair employment practice for adoption by Singapore employers, embracing the recruitment, training, treatment and reward of employees.

5.2.2.2 Communications

As our Company grows, effective communications across the organization are crucial to ensure continuous alignment of objectives of the employees and the organizational objectives. We achieve this through our various communication sessions customized based on target employees. Communication sessions for our managers are held on a regular basis. Agendas covered at these sessions are customized in appropriate to the target functional scope of the managers.

5.2.2.3 Employee Feedback

We value our employee's expertise in their areas of responsibilities. Therefore, their feedbacks are important in the improvement of overall management and operation of the organization. Through various established processes of employee engagement, such as employee objective setting, performance review as well as exit interview in the case of resignations, we gather such valuable feedbacks for the continuous improvement of our organization.

In addition, there are other feedback channels for areas specific to business and function, such as health and safety issues and compliance issues. Such feedbacks are managed by the leaders and managers of their specific business and function domain. We have also established reporting and escalation channel should the feedback requires the attention of higher management.

5.2.2.4 Career Development and Training

We recognise that consistent and ongoing education is critical to maintaining a competitive, skilled, productive and motivated workforce. Employee career development and performance management established based on merits and contributing skill sets towards the organization objectives through objective settings and regular performance reviews. We continue to review and improve our career development and performance review process in light of the changing business and operation environment.

Our training programme covers a variety of areas catering for employees with difference job scopes and skills set requirements. Our core training curriculum and contends are developed guided by well-established industry and international standards such as ISO-9001, ISO-14001, ISO45001 and BizSafe. In addition, specific training curriculums are developed based on the specific requirements of the specific businesses and functions. Training topics range from soft skills development in areas such as communications and leadership, to technical programmes covering project management and office productivity tools.

We recognized that the training requirements vary depending on the levels of management responsibilities. In light of changing business requirements and opportunities in variety of training methodologies, we continue to revise our training curriculum and programme to align with organization objectives and to strive for effectiveness and efficiency in our training approach.

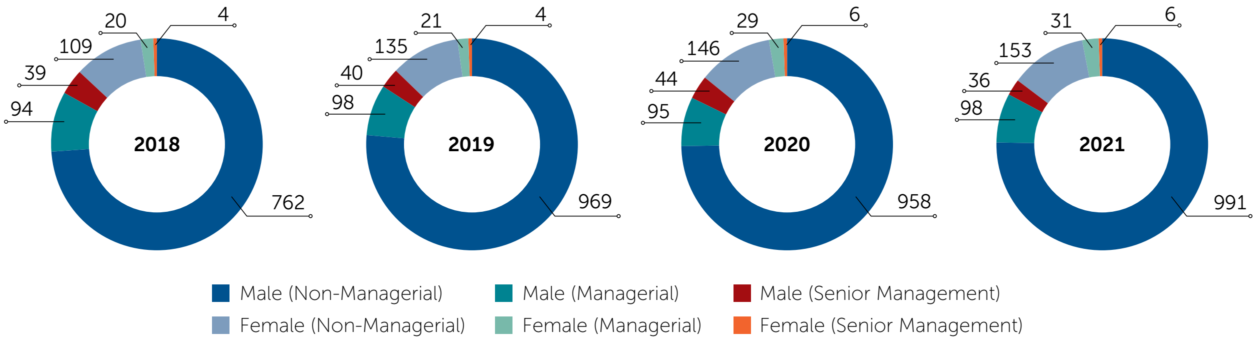
In FY2021, employees each received an average of 7 hours training. We recognized that the training requirements vary depending on the levels of management responsibilities. Each managerial and non-managerial staffs receive an average of 4 hours and 8 hours of training respectively. In light of changing business requirements and opportunities in variety of training methodologies, we continue to revise our training curriculum and programme to align with organization objectives and to strive for effectiveness and efficiency in our training approach.

5.2.3 Workforce Diversity

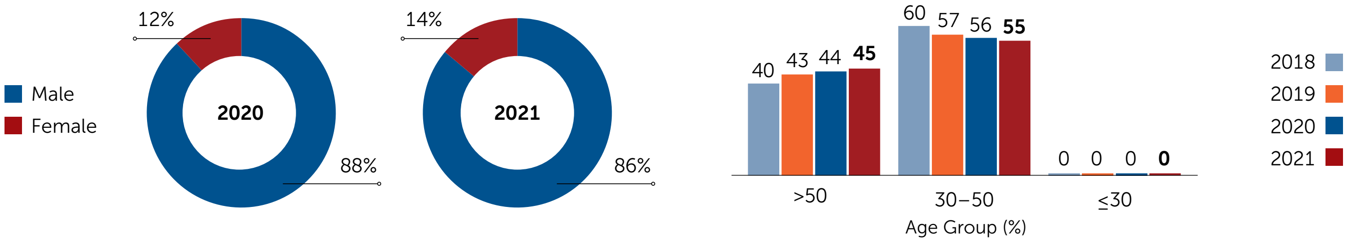
Our business thrives on diversity. As such, we leverage on a host of strengths and skills that can only come from a diverse workforce embracing employees from various ethnic groups, religion, age and gender.

In FY2021, 190 of our employees were female, comprising 14% of our workforce, while 1,125 (86%) employees were male. In terms of management function, 31 females (24%) held managerial positions compared to 98 males (76%), while 153 females (13%) and 991 males (87%) held non-managerial positions. From age profile perspective, there were 252 employees below 30 years old. The number of employees between 30 and 50 years old was 731 as compared to 332 employees above 50 years old.

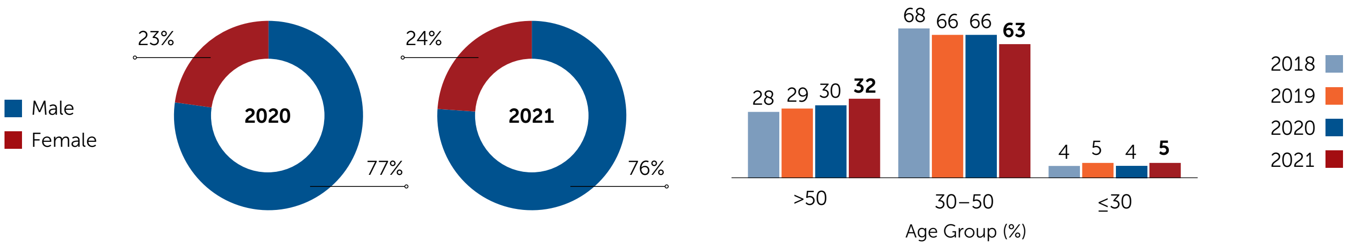
WORKFORCE PROFILE
(NO. OF EMPLOYEES)



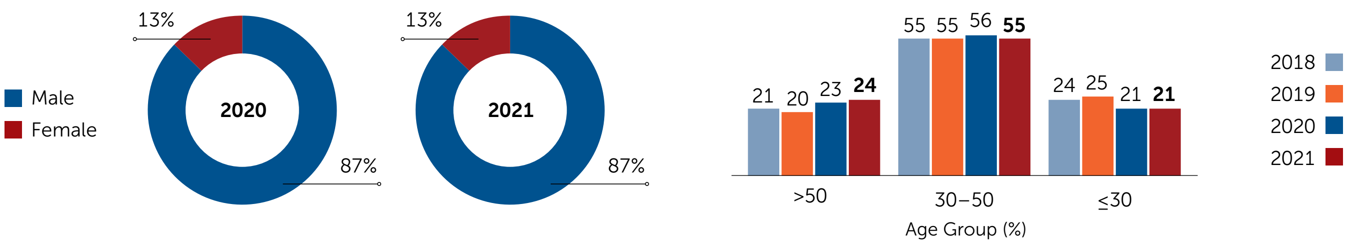
SENIOR MANAGEMENT



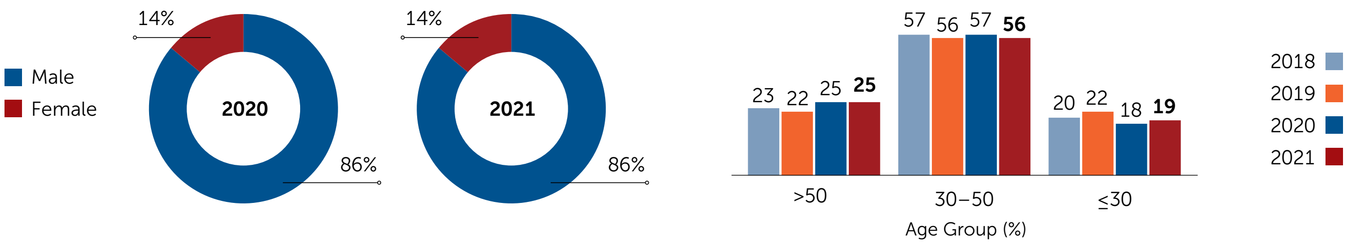
MANAGERIAL STAFF



NON-MANAGERIAL STAFF



OVERALL

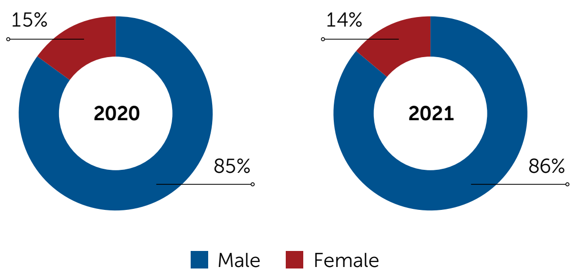


In FY2021, we hired a total of 292 new employees, while 279 resigned during the same period. As a result, we have a net increase of 13 in our workforce. Out of the new hires, 15% of the new hires were below the age of 30; 48% were between 30 and 50 years old while 37% were above 50 years old. The gender ratio of new hires was 251 males to 41 females. For the resignees, 24% were below the age of 30; 54% were between 30 and 50 years old while 22% were above 50 years old. The gender ratio of resignees was 245 males to 34 females.

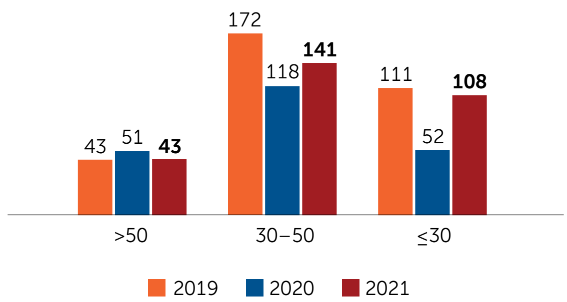
In addition to the human resources we managed under our payroll internally, we also engage external contracted companies as our outsourced vendors which provide outsourced personnel who might work within our premises. Although we supervise these people, they are employed by contracted companies and are not included in our head count. We do not employ other types of un-contracted workers.

We expect that all the contracted companies we work with will share our core principles of HR management practices. In our vendor selection process, we take into consideration of their HR management practices as one of the key selection and performance criteria. We regularly review the performance of our vendors based on these criteria as a key basis to determine whether to continue to engage the vendors with their services.

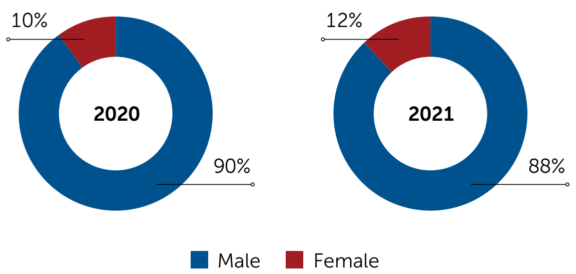
NEW HIRE
(GENDER)



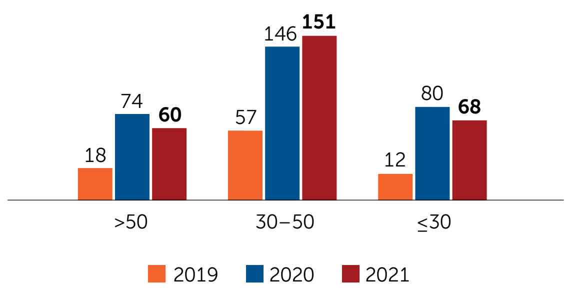
NEW HIRE
(AGE GROUP)



RESIGNEE
(GENDER)



RESIGNEE
(AGE GROUP)



5.2.4 Employee Benefits
All employees are covered by the respective local statutory manpower legislation, which provides basic employment terms and working conditions including contract requirements, remuneration, hours of work, overtime, rest days and annual leave entitlement.

In addition to the statutory benefits outlined in the legislation, we provide beyond-compliance-level benefits to our fulltime employees. Examples of these benefits include paternity leave and compassionate leave in Singapore.

5.2.4.1 Work–Life Balance
While developing the talents of our employees and providing equal opportunities for them to excel are the key drivers for our company, we also recognize that well-being and contentment of our employees pivotal to the success and sustainability of our business and performance. Our employees are our most valuable asset, and we appreciate that their overall well-beings need to be well looked after in order for them to sustain their performance and realize their full potential.

To support our employees to strike a work-life balance, we aim to create an environment that allows our employees to achieve harmony in their personal and professional life. We achieve this through the adoption of a flexible approach to work arrangements and offering programmes to support health and wellness.

We understand that workplace could be at times stressful due to the competitiveness of our workforce and our business. To support our employees in their effort of pursuing excellence, we have various programmes and initiatives to balance their work with fun, and to develop an environment and culture of mutual support.

5.2.4.2 Retirement and Healthcare
Our company has presence in various geographic locations where there are various local laws and regulations on pension and healthcare for employees. Our HR management practices comply with such laws and regulations. In Singapore, we participate in the Central Provident Fund (CPF) personal savings scheme, which helps employees fund their retirement, home ownership, healthcare and education. Under this scheme, monthly deductions from employees' gross salaries are paid into their CPF savings accounts. We, the company, make employer contributions to these accounts, according to rates stipulated in the CPF Act. For more information on the CPF scheme and contribution rates, please go to www.cpf.gov.sg.

5.2.5 Safety and Health in the Workplace
We are committed to Workplace Safety and Health (WSH) and take every precaution to prevent occupational injuries among employees. We believe that optimum work conditions not only make our employees safer, but also boost morale. As an essential requirement, we are in compliance with the respective local Workplace Safety & Health regulations. In addition, we have attained certifications for ISO45001 and BizSafe globally. These well recognized standards provide us with the frameworks to manage risks associated with safety and health in our workplace.

5.2.6 Individual Rights
Respecting and protecting basic human rights is fundamental to all our operations and deeply ingrained in our Code of Conduct, which applies to all employees. Labour rights, the prohibition of discrimination and harassment, protection of privacy, prohibition of forced and child labour, and workplace health and safety are all strictly observed within the work environment and discrimination and harassment of any kind is not tolerated at our company.

We also respect our employees' rights to freedom of association as well as their membership of trade unions and other professional bodies.

In FY2021, no incidents of forced labour, child labour or young workers were identified across the organisation, and no human rights-related grievances have been reported.

5.3 FOCUSING ON OUR CUSTOMERS' NEEDS

5.3.1 Our Approach

Customer service, quality products and the highest level of product safety have always been our priorities, with customer satisfaction being the goal of all our corporate activities. Customer retention begins with trust, and we place the utmost importance on training our employees in customer service excellence as well as in continuously striving to improve the quality and safety of our products and services.

Open and frequent communication and responsive feedback are ingrained into our daily activities with customer interaction. In addition to striving for excellence in product service and support, we attach enormous importance to data privacy. We have process and controls in place over confidential and sensitive data related to our customers such as contracts.

Since 2001, we have been certified under the ISO 9001 standard for quality management systems. The certification has helped us increase the control of our internal processes and the quality of our services.

5.3.2 Customer Feedback and Satisfaction

We listen to our customers and take their opinions very seriously. We consolidate customer feedback through a range of communication channels including our website, regular customer survey, and our customer service personnel. Through our customer feedback system, we capture our customers' comments for analysis and action. Customer compliments are also tracked so that we can monitor where we are getting things right and cascade positive feedback to our employees, to their superiors and to our management team.

5.3.3 Service Quality and Safety

Reliability and quality of our products are of paramount importance to us. Health and safety of our customers is always our priority. To ensure product safety to our customers, we have in place a set of key quality assurance processes and standards, such as ISO 9001, ISO45001, BizSafe, to ensure compliance with regulations and international standards. Ultimately, we aim to totally eliminate product safety incidents so as to foster a 'Safety First' culture through employee training and quality control.

We have established a comprehensive Quality Policy with specific Quality Objectives. Such Quality Policy and Objectives underpin our product quality management approach and processes.

Our quality management approach identifies our stakeholders, key aspects of the product quality and the impacts on our stakeholders. Our quality management processes take an end-to-end quality view from the areas of planning, support down to operation, performance evaluation and improvement. At each key aspects of the end-to-end quality management processes, we have leadership in place to spear head the quality improvement processes. We have mapped out the sequence and interaction of business processes to ensure seamless collectively management of inter-dependencies of the quality management processes among the leaderships.

5.3.4 Data Safety and Privacy

Ensuring safety and privacy of our customers' data is of great priority to us. We have processes and controls in place for handling and communicating sensitive and confidential information of our customers such as contracts, customer orders and service delivery orders. Our information security policies ensure our customers' data are managed in accordance to the level of confidentiality. We strictly observe all local laws and internal regulations applicable to personal information protection.

5.4 PARTNERING OUR SUPPLIERS

5.4.1 Our Approach

As a part of our ambition to realize sustainability throughout our value chain, we extend the application of responsible business practices to our local partners and suppliers. We recognise that we are only at the beginning of our journey to integrate sustainable business practice throughout our supply chain, and we commit in our pragmatic approach to continuous improvement. We aim to identify new opportunities for collaboration with our suppliers, gradually increase transparency and continue to build shared capacity to minimise our indirect environmental and social impacts.

5.4.2 Supplier Selection

Our key suppliers are carefully selected through our supplier selection process. When selecting our key suppliers, we examine criteria such as financial health, quality of products and services, as well as competitiveness of pricing. In addition, we also take into consideration of the overall sustainability policies adopted by our suppliers. Our final decision on supplier selection is based on the overall assessment which takes a balanced view across all selection criteria.

5.4.3 Supplier Review

We regularly review the performance of our key suppliers to determine whether to extend our partnership with them. During the key supplier review process, we engage with our key suppliers to communicate our expectations and mutual feedbacks. Such review process ensures alignment of our key suppliers' services and products to our business requirements and sustainability objectives through pragmatic and continuous improvement in our partnership with our key suppliers.

5.5 SUPPORTING OUR COMMUNITY

5.5.1 Our Approach

We have been providing support to the communities. The key motivation driving all our community engagement initiatives is to enable and empower young people. By supporting young people today and helping to educate them about the world they are to inherit, our goal is to benefit not only the current generation, but also the next.

We also recognize that meeting the needs of today's youth goes beyond their own education, security and well-being, extending to that of their families, homes and neighbourhoods as well. To this end, our engagement programmes also encompass financial and practical support in carefully selected communities, through donations.

Our community initiatives are selected according to how closely they are aligned with our own community engagement goals of "enabling and empowering young people" and the tangible impact on the beneficiary. Separately, we also engage on other community initiatives on an ad hoc basis. All our business units and some of our channel partners are involved in our community engagement programmes.

5.5.2 Our Community Initiatives

At CSE Global, we are strong proponents of corporate citizenry across the regions where we operate. We commit our time and effort to giving back to our communities while pursuing our business objectives, with particular emphasis on community engagement and giving back through meaningful initiatives.

At CSE Australia and New Zealand, we held an event known as "R U OK Day 2021" where all offices attended a webinar with the objective to remind everyone that every day is the day to ask, "Are you OK?", with a guide on "How To" support those struggling with life's ups and downs. The "Salvation Army Christmas Appeal" event was also held this year, where every office hosted a food and gift drive to help those in need and less fortunate in the community.

Throughout 2021, CSE Americas supported many local non-profit organizations in our communities making positive impact on the lives of others. During the year, our CSE Americas team helped local homeless shelters prepare for the Arctic Cold front in Houston area by providing blankets and donating supplies to Salvation Army Wayne Bergstrom Center of Hope which serves homeless elderly citizens and homeless families with children. In times of need, we were able to mobilise immediately and support with Hurricane Ida relief efforts with donations of water and other supplies to support affected local residents. We have also conducted fund raising events, in partnership with Arrow Child and Family Ministries in Houston, to support children and families in need. Other charitable donations made during 2021 included these non-profit organisations: Marine Corps Coordinating Council of Southeast Texas, Mission Greenpoint, PTSD Foundation of America, etc.

During the year, CSE Americas' employees also participated in different sporting events and as a cook sponsor at many local fundraising and networking events that focused on non-profit and community support causes.

In Singapore, CSE Global made donations to KK Health Endowment Fund, Singapore Association of the Visually Handicapped, Touch Community Services Limited, HCA Hospice Care, Thye Hua Kwan Moral Charities and Promisedland Community Services in FY2021.

In 2021, a total of 21 CSE Global Engineering Bursaries were awarded: 10 bursaries to students in National University of Singapore, 4 bursaries to students in Nanyang Technological University, and 3 bursaries to students in Singapore University of Technology and Design, as well as 4 bursaries to our staff at CSE Global.

5.6 ENERGY USAGE AND CO_2 EMISSIONS

GHG emissions are measured in tonnes (t-CO_2); the underlying measures for direct and indirect CO_2 emissions calculation are electricity consumption in kilowatt Hours (kWh) and fuel consumed. The electricity and fuel we purchase are both from non-renewable sources.

Our business and function grow over time; the GHG emissions and electricity consumption vary. To ensure consistency and comparability of the GHG emission and electricity consumption measures over time, we create a GHG emission index and electricity consumption index for our performance monitoring. The index adjusts the GHG emissions and electricity consumption for the size of our activities. We normalize the amount GHG emissions and electricity consumption by the amount of our revenues which we use as a proxy of the size of our activities. The GHG emission index is measured in t-CO_2 per SGD million and the electricity consumption index is measured in kWh per SGD million.

	FY2018	FY2019	FY2020	FY2021
GHG Emission Index (kg-CO_2 / SGD million)	4.07	3.99	3.46	3.56
Electricity Consumption Index (kWh / SGD million)	9,653	8,890	11,969	11,943

FY2021 Performance

In FY2021, GHG Emission Index stands at 3.56 which is 2.9% increase as compared to last year while Electricity Consumption Index stands at 11,943.

We are still working towards meeting our 2030 goals.

5.7 PAPER CONSUMPTION

We capture the data for paper consumption by how many reams of paper used where one ream is equivalent to 500 sheets of paper. To ensure consistency and comparability across various paper sizes, such as A3 and A4 papers, we measure the paper consumption by the weight of paper used which is adjusted for the various sizes and quality of papers.

Our business and function grow over time and the paper consumption patterns vary. We devise a paper consumption index for our performance monitoring. The index adjusts the paper consumption for the size of our activities. We normalize the amount of weights of paper consumed by the amount of our revenues which we use as a proxy of the size of our activities. The paper consumption index is measured in kilograms per million SGD.

	FY2018	FY2019	FY2020	FY2021
Weight of Paper Consumption (kg) [% of paper with FSC certification]	151,052 [100%]	175,360 [100%]	130,745 [100%]	89,734 [100%]
Paper Consumption Index Index (kg / SGD million)	407.0	388.2	260.0	191.5

FY2021 Performance

In FY2021, Paper Consumption Index stands at 191.5 which is 26% decrease as compared to last year.

We have already accomplished our 2030 goals but will still continue to thrive to sustain our performance.

5.8 EMPLOYMENT PROFILE

	FY2018	FY2019	FY2020	FY2021
Male : Female ratio in non-managerial positions	762 : 109 (Total = 871)	969 : 135 (Total = 1,104)	958 : 146 (Total = 1,104)	991:153 (Total = 1,144)
Male : Female ratio in managerial positions	94 : 20 (Total = 114)	98 : 21 (Total = 119)	95 : 29 (Total = 124)	98:31 (Total = 129)

FY2021 Performance

In FY2021, our Male : Female ratio in non-managerial positions stands at 991:153 and in managerial positions at 98:31.

We will monitor our employment profile every year.

We will continue to thrive to sustain our performance towards our 2030 goals.

5.9 EMPLOYEES ENGAGEMENT AND TRAINING

	FY2018	FY2019	FY2020	FY2021
Average Training Hours per Employee	10	10	9	7

FY2021 Performance

In FY2021, Average Training Hours per Employee stands at 7 Hours which is slightly lower as compared to last year.

We will continue to thrive to sustain further improvements towards our 2030 goals.

5.10 CUSTOMER FEEDBACK

	FY2018	FY2019	FY2020	FY2021
Customer Satisfaction Index	76%	76%	83%	75%

FY2021 Performance

In FY2021, Customer Satisfaction Index stands at 75% which was down by 8 percentage points as compared to last year

We will continue to thrive to sustain our performance towards our 2030 goals.

GRI CONTENT INDEX

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option. We did not seek external assurance for this report.

N.B.: AR = Annual Report, SR = Sustainability Report (i.e. this report)

GRI Reference	Disclosure		Response
General Standard Disclosure			
Organization Profile	102-1	Name of the organization	SR Section 3
	102-2	Activities, brands, products, and services	AR Page 18
	102-3	Location of headquarters	AR Page 23
	102-4	Location of operations	AR Page 24
	102-5	Ownership and legal form	AR Page 113
	102-6	Markets served	AR Page 24
	102-7	Scale of the organization	AR Page 22
	102-8	Information on employees and other workers	SR Section 5.2.3
	102-9	Supply chain	SR Section 5.4, 5.4.1, 5.4.2, 5.4.3
	102-10	Significant changes to the organization and its supply chain	No significant changes
	102-11	Precautionary Principle or approach	SR Section 3.2, 3.3, 4, 4.1, 5, 5.1.1, 5.2.1, 5.3.1, 5.4.1, 5.5.1
	102-12	External initiatives	SR Section 4.4
	102-13	Membership of associations	SR Section 4.4
Strategy	102-14	Statement from senior decision-maker	SR Section 1
Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour	AR Page 32 (Report on Corporate Governance), SR Section 3.1, 3.3
Governance	102-18	Governance structure	AR Page 32 (Report on Corporate Governance), SR Section 5.4, 5.4.1, 5.4.2, 5.4.3
Stakeholder Engagement	102-40	List of stakeholder groups	SR Section 5, 5.1, 5.2, 5.3, 5.4, 5.5
	102-41	Collective bargaining agreements	NIL
	102-42	Identifying and selecting stakeholders	SR Section 5
	102-43	Approach to stakeholder engagement	SR Section 5
	102-44	Key topics and concerns raised	SR Section 4.2, 5
Reporting Practice	102-45	Entities included in the consolidated financial statements	AR Page 113
	102-46	Defining report content and topic boundaries	SR Section 2.1, 2.2, 2.3
	102-47	List of material topics	SR Section 4.2
	102-48	Restatements of information	No Significant Changes
	102-49	Changes in reporting	No Significant Changes

GRI Reference	Disclosure		Response
General Standard Disclosure			
Reporting Practice	102-50	Reporting period	SR Section 2.1
	102-51	Date of most recent report	SR Section 2.1
	102-52	Reporting cycle	SR Section 2.1
	102-53	Contact point for questions regarding the report	SR Section 2.4
	102-54	Claims of reporting in accordance with the GRI Standards	SR Section 2.2
	102-55	GRI content index	SR Section 6
	102-56	External assurance	SR Section 2.2
Economic			
Economic Performance	201-1	Direct economic value generated and distributed	AR Page 28
	201-2	Financial implications and other risks and opportunities due to climate change	Not Applicable
	201-3	Defined benefit plan obligations and other retirement plans	SR Section 5.2.4.2
	201-4	Financial assistance received from government	An US entity has qualified to receive financial assistance from the Louisiana Dept. of Revenue, to offset the training costs of its employees. The State offers this program to businesses who are committed in furthering the education and development of their employees.
Anti-corruption	205-1	Operations assessed for risks related to corruption	SR Section 4.2
	205-2	Communication and training about anti-corruption policies and procedures	SR Section 3.3
	205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption and actions taken during the reporting period
Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No legal actions for anti-competitive behaviour, anti-trust, and monopoly practices for the reporting period
Environment			
Energy	302-1	Energy consumption within the organization	SR Section 5.1.2
	302-4	Reduction of energy consumption	SR Section 5.1.2, 5.6
Emissions	305-1	Direct (Scope 1) GHG emissions	SR Section 5.1.2, 5.6
	305-2	Energy indirect (Scope 2) GHG emissions	SR Section 5.1.2, 5.6
	305-3	Other indirect (Scope 3) GHG emissions	SR Section 5.1.2, 5.6
	305-5	Reduction of GHG emissions	SR Section 5.1.2, 5.6
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	No non-compliance with environmental laws and regulations for the reporting period
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	SR Section 5.4.3

GRI Reference	Disclosure		Response
Social			
Employment	401-1	New employee hires and employee turnover	SR Section 5.2.3
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR Section 5.2.4
	401-3	Parental leave	SR Section 5.2.1, 5.2.2.1, 5.2.4
Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	SR Section 5.2.2
Occupational Health and Safety	403-1	Workers representation in formal joint management–worker health and safety committees	SR Section 5.2.5
Training and Education	404-1	Average hours of training per year per employee	SR Section 5.2.2.4
	404-2	Programs for upgrading employee skills and transition assistance programs	SR Section 5.2.2.4
	404-3	Percentage of employees receiving regular performance and career development reviews	SR Section 5.2.2.1, 5.2.2.4
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	SR Section 5.2.3
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination and corrective actions taken during the reporting period
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	No incidents of violations involving rights of indigenous peoples during the reporting period
	412-2	Employee training on human rights policies or procedures	SR Section 5.2.2.1, 5.2.6
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	SR Section 5.4.1, 5.4.2, 5.4.3
Public Policy	415-1	Political contributions	No political contributions being made by the group during reporting period
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	SR Section 5.3.1, 5.3.3
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance concerning the health and safety impacts of products and services during the reporting period
	417-2	Incidents of non-compliance concerning product and service information and labelling	No incidents of non-compliance concerning product and service information and labelling during the reporting period
	417-3	Incidents of non-compliance concerning marketing communications	No incidents of non-compliance marketing communications during the reporting period
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints concerning breaches of customers privacy and losses of customer data during the reporting period
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	No non-compliance with laws and regulations in the social and economic area during the reporting period

CONTENT

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of CSE Global Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet 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 2021 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial 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.

Directors

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

Lim Ming Seong
Lim Boon Kheng
Tan Chian Khong
Sin Boon Ann
Tan Hien Meng
Lee Kong Ting
Ng Shin Ein
Wong Su Yen
Lim How Teck
Derek Lau Tiong Seng

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement 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 or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Directors' interests in shares and debentures

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

	Held by Director			Other shareholdings in which the Director is deemed to have an interest		
Name of Director	At 1.1.2021	At 31.12.2021	At 21.1.2022	At 1.1.2021	At 31.12.2021	At 21.1.2022
Ordinary shares of the Company						
Lim Boon Kheng *	2,081,129	4,406,192	4,406,192	8,772,500	8,772,500	8,772,500
Lim Ming Seong **	100,000	100,000	100,000	3,150,000	3,150,000	3,150,000
Tan Chian Khong***	–	–	–	50,000	50,000	50,000

* *Lim Boon Kheng is deemed to be interested in (i) 4,078,000 shares held by Citibank Nominees Singapore Pte. Ltd.; (ii) 94,500 shares held by United Overseas Bank Nominees (Private) Limited; and (iii) 4,600,000 shares held by HSBC (Singapore) Nominees Pte Ltd.*

** *Lim Ming Seong is deemed to be interested in (i) 150,000 shares held by his spouse; and (ii) 3,000,000 shares held by Citibank Nominees Singapore Pte. Ltd.*

*** *Tan Chian Khong is deemed to be interested in 50,000 shares held by DBS Nominees Pte Ltd.*

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

Share options and Performance Share Plan

There is currently no share option scheme on unissued shares of the Company.

The Company has implemented a share-based long term incentive plan known as CSE Performance Share Plan ("Performance Share Plan") in lieu of an existing cash plan on 20 April 2017. The duration of the Performance Share Plan is 10 years commencing 20 April 2017. The Performance Share Plan is administrated by the Compensation Committee, namely Messrs Lim Ming Seong, Sin Boon Ann, Wong Su Yen and Lee Kong Ting. Details of the Performance Share Plan are as follows:

(a) All employees of the Group who are of the age of 18 years and above and Executive Directors of the Company, who, in the opinion of the Compensation Committee, have contributed or will contribute to the success of the Group (collectively known as the "Participants"), shall be eligible to participate in the Performance Share Plan subject to the absolute discretion of the Compensation Committee.

Persons who are Controlling Shareholders[1] and their Associates[2] and directors and employees of associated companies shall not be eligible to participate in the Performance Share Plan.

---

1 *Controlling Shareholder refers to a person who (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding Treasury Shares in the Company (unless SGX-ST determines such person is not a controlling shareholder); or (b) in fact exercises control over the Company*

2 *In the case of a Company,*

(a) in relation to any director, chief executive officer, Substantial Shareholder, being a person (including a corporation) who has an interest (direct or indirect) in 5% or more of the total issued Shares of the Company, or Controlling Shareholder means his immediate family, the trustees of any trust of which he or his immediate family is a beneficiary and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;

(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a Company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one of the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Share options and Performance Share Plan (cont'd)

(b) The maximum number of ordinary shares in the capital of the Company ("Shares") that the Company may grant under the Performance Share Plan shall not exceed 5% of the total number of issued Shares (excluding Treasury Shares) of the Company on the day immediately preceding the date on which the contingent award of Shares under the Performance Share Plan ("Award") shall be granted. The Company shall purchase existing Shares for transfer to Participants in respect of the Awards. No new Shares will be issued by the Company pursuant to the Awards.

In addition, the total number of Shares that may be transferred or are transferable pursuant to the granting of the Awards on any date (which shall not exceed 5% of the total number of issued Shares, excluding Treasury Shares, of the Company on the day immediately preceding the date on which the Award shall be granted), when added to the aggregate number of Shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued Shares (excluding Treasury Shares) of the Company on the day immediately preceding the date of grant of the Award.

(c) Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Compensation Committee being satisfied that the Participants has achieved the Performance Target(s)[3] and that the Vesting Period[4] (if any) has expired provided always that the Compensation Committee shall have the absolute discretion to determine the extent to which the Shares under that Award shall be released on the prescribed Performance Target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period. No Shares under the Award shall be released for the portion of the prescribed Performance Target(s) that is not satisfied by the Participant at the end of the prescribed performance period.

(d) During the financial year, awards comprising an aggregate of 3.91 million shares have been awarded under Performance Share Plan. The awards in respect of an aggregate 3.91 million shares were also vested on the date of grant. The awards were satisfied by the delivery of existing shares purchased from the market to the participants as permitted under the Performance Share Plan.

(e) Performance shares awarded, vested and outstanding at the end of the financial year were as follows:

	Shares awarded during financial year[(2)]	Aggregate shares awarded since commencement of CSE Performance Share Plan to 31.12.2021	Aggregate shares vested since commencement of CSE Performance Share Plan to 31.12.2021	Aggregate share award outstanding as at 31.12.2021
Participant who received more than 5% of the total grant available				
Director				
Lim Boon Kheng[(1)]	2,325,063	6,005,692	6,005,692	–
Participant (other than Director) who received more than 5% of the total grant available				
Other participants[(1)]	1,583,101	4,159,542	4,159,542	–

(1) *The Shares awarded were subjected to a moratorium period of 0 to 3 years from the date of grant against any disposal or sale and/or other dealings in the Shares.*

(2) *Shares awarded during financial year pertains to shares granted in relation to financial year ended 31 December 2020 performance.*

3 *Performance Target(s) refers to the performance target(s) prescribed by the Compensation Committee to be fulfilled by a Participant for any particular period under the Performance Share Plan.*

4 *In relation to an Award, Vesting Period refers to a period or periods of time before vesting occurs, the duration of which is to be determined by the Committee at the date of the grant of the Award.*

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Audit and Risk Committee ("ARC")

The ARC was established on 22 January 1999.

The ARC comprises five members, majority of whom including Chairman of the ARC, are independent of the management of the Company.

The members of the ARC at the date of this report comprise the following Directors:-

Non-Executive Independent Directors:

Tan Chian Khong (Chairman of ARC)
Tan Hien Meng
Lee Kong Ting
Ng Shin Ein

Non-Executive Non-Independent Directors:

Lim How Teck

The Audit and Risk Committee carried out its functions in accordance with Section 201B (5) of the Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;

- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;

- Met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;

- Reviewed the nature and extent of non-audit services provided by the external auditor;

- Recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

- Reported actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considers appropriate; and

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

The ARC convened four meetings during the financial year with full attendance from all members. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Audit and Risk Committee ("ARC") (cont'd)

Further details regarding the ARC are disclosed in the Report on Corporate Governance in the Annual Report of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Lim Ming Seong
Director

Lim Boon Kheng
Director

Singapore
18 March 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of CSE Global Limited
For the financial year ended 31 December 2021

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition on project contracts

The Group recognised project revenue of $187,966,000 for the financial year ended 31 December 2021 and the carrying amounts of contract assets and contract liabilities arising from these projects amounted to $72,336,000 and $19,038,000 respectively. The Group recognised revenue from project contracts using the input method that reflect the overtime transfer of control to its customers, which is measured by reference to the Group's progress towards completing the performance obligation on the contract. The measure of progress is determined by reference to the contracts costs incurred to date as a percentage of the total estimated costs for each contract.

The determination of total budgeted costs, progress towards completion, variation orders and claims, remaining costs to completion as well as impact of COVID-19 pandemic for each contract requires significant management judgement and estimation, and may have an impact on the amounts of project revenue, contract assets and contract liabilities recognised during the year. We therefore identified this to be key audit matter.

INDEPENDENT AUDITOR'S REPORT

To the Members of CSE Global Limited
For the financial year ended 31 December 2021

Revenue recognition on project contracts (cont'd)

As part of the audit, we obtained an understanding of the Group's costing and budgeting processes. In evaluating management's budgeting process, we compared the budgeted costs to actual costs incurred to date, and assessed reasonableness on the remaining costs to be incurred to complete the projects, taking into consideration the current economic conditions on the project progress and profitability. For significant projects, we reviewed the terms and conditions of the contracts, and cost incurred. For potential disputes or variation claims, we tested their occurrence and measurement via review of correspondence with customers and contractors. We also inquired with the Group finance and operational management regarding the project status, budgeted costs to complete, provision for onerous contracts or liquidated damages, and where applicable, assessed the estimates of costs to complete and reasonableness of the provision for onerous contracts, if any.

Further, we assessed the adequacy of the Group's disclosures on project revenue in Note 19 to the financial statements.

Impairment assessment of trade receivables and contract assets

Trade receivables and contract assets balances amounted to $70,541,000 and $72,336,000 respectively as of 31 December 2021 and were significant to the Group as they represented 36% of the Group's total assets. The Group uses a provision matrix to calculate the expected credit losses (ECLs) for trade receivables and contract assets. The provision matrix is based on historical default rates, existing economic conditions, adjusted for forward looking information at each reporting period. The determination of ECL requires the use of management judgement and estimates, and is sensitive to changes in circumstances and economic conditions. Given the magnitude of the amounts and the use of significant management judgement in assessing the ECLs, we have identified impairment on trade receivables and contract assets to be a key audit matter.

As part of the audit, we obtained an understanding of the Group's processes and controls relating to the impairment assessment of trade receivables and contract assets. We requested confirmation replies and evidence of post year end receipts for key trade receivables. We tested management's assumptions used to determine the ECLs on the trade receivables and contract assets, by considering the Group's historical credit loss experience, COVID-19 impact on the business of its customers, ageing analysis of outstanding receivables, customer profile and local jurisdiction risks and comparison to forward-looking macroeconomic information affecting the recoverability of trade receivables and contract assets.

Further, we assessed the adequacy of the Group's disclosures on trade receivables and contract assets, and the related credit risk and liquidity risk in Notes 11 and 9 to the financial statements.

Impairment testing on goodwill

As at 31 December 2021, the Group has goodwill amounting to $47,444,000 which represented 32% of the total non-current assets. The Group allocated goodwill to cash generating units ("CGUs") identified for impairment testing as disclosed in Note 7 to the financial statements.

The recoverable amount of each CGU was determined using the value-in-use ("VIU") calculations, which was based on assumptions in respect of future market and economic conditions such as economic growth, expected inflation rates, demographic developments, expected market share, future revenue and budgeted gross margins. The audit procedures over management's impairment tests were significant to our audit because the assessment process was complex and involved significant management judgment on the various assumptions used in the underlying cash flow forecasts.

As part of our audit, we obtained an understanding of management's impairment assessment process, including the potential impact of COVID-19 pandemic has on the CGUs and reviewed the robustness of management's budgeting process by comparing the actual financials versus previously forecasted financials. We assessed and tested the key assumptions used in the impairment assessment such as long-term growth rates and discount rate, and performed sensitivity analysis on reasonably possible changes in these key assumptions to changes in the recoverable amount of each CGU. We also assessed whether assumptions have been determined and applied consistently across the Group, taking into considerations the current economic and market conditions. Our internal valuation specialists assisted us in testing the reasonableness of the discount rate and long term growth rate used in the VIU calculation. We reviewed the results of the impairment assessment performed by management by comparing the carrying values of the CGU to their respective recoverable amounts, and assessed if the carrying amounts exceed the recoverable amounts.

Further, we assessed the adequacy of the Group's disclosures in Note 7 to the financial statements concerning goodwill.

INDEPENDENT AUDITOR'S REPORT

To the Members of CSE Global Limited
For the financial year ended 31 December 2021

Other Information

Management is responsible for other information. The other information comprises information included in the annual report.

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 FRSs, 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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

To the Members of CSE Global Limited
For the financial year ended 31 December 2021

Auditor's Responsibilities for the Audit of the Financial Statements (cont'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.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Andrew Tan Chwee Peng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
18 March 2022

BALANCE SHEETS

As at 31 December 2021

		Group		Company	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current assets					
Property, plant and equipment	4	62,009	61,582	1,340	1,641
Right-to-use assets	27	21,638	23,241	2,358	2,925
Investment in subsidiaries	5	–	–	127,171	127,171
Investment in an associate		234	224	–	–
Other investment	6	1,273	1,279	1,273	1,279
Intangible assets	7	58,525	57,507	162	323
Deferred tax assets	8	2,974	2,980	1,134	908
Amount due from a subsidiary	5	–	–	–	578
Finance lease receivables	24	587	451	–	–
		147,240	147,264	133,438	134,825
Current assets					
Contract assets	9	72,336	61,432	–	–
Inventories	10	29,272	26,079	–	–
Trade and other receivables	11	96,597	108,831	1,013	636
Finance lease receivables	24	261	69	–	–
Prepaid operating expenses		5,299	5,670	493	291
Amounts due from subsidiaries	5	–	–	144,493	143,186
Cash and bank balances	12	46,510	52,525	2,128	3,286
		250,275	254,606	148,127	147,399
Total assets		397,515	401,870	281,565	282,224
Current liabilities					
Contract liabilities	9	19,038	15,798	–	–
Trade payables and accruals	13	59,106	68,088	1,278	3,716
Lease liabilities	27	5,317	4,797	631	568
Loans and borrowings	14	47,894	65,002	47,894	64,907
Derivative liability	28	1,112	2,243	1,112	2,243
Amounts due to subsidiaries	5	–	–	48,896	38,278
Provision for warranties	15	686	1,045	–	–
Provision for taxation		3,082	4,141	11	45
		136,235	161,114	99,822	109,757
Net current assets		114,040	93,492	48,305	37,642
Non-current liabilities					
Deferred tax liabilities	8	3,354	2,672	–	–
Lease liabilities	27	18,248	19,728	2,328	2,981
Loans and borrowings	14	47,491	26,494	47,491	26,494
Other liabilities	13	183	224	–	–
		69,276	49,118	49,819	29,475
Total liabilities		205,511	210,232	149,641	139,232
Net assets		192,004	191,638	131,924	142,992

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2021

		Group		Company	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Equity attributable to owners of the Company					
Share capital	16(a)	98,542	98,542	98,542	98,542
Treasury shares	16(b)	(1,910)	(2,557)	(1,910)	(2,557)
Share-based payment reserve	16(c)	–	1,935	–	1,935
Revenue reserve		106,337	105,425	25,757	36,290
Other reserves	17	9,503	8,750	9,535	8,782
Foreign currency translation reserve	18	(20,429)	(20,321)	–	–
		192,043	191,774	131,924	142,992
Non-controlling interests		(39)	(136)	–	–
Total equity		192,004	191,638	131,924	142,992

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2021

		Group	
	Note	2021 $'000	2020 $'000
Revenue	19	468,661	502,789
Cost of sales		(332,784)	(356,590)
Gross profit		135,877	146,199
Operating expenses			
Administrative expenses		(106,815)	(103,126)
Selling and distribution expenses		(3,782)	(2,547)
Other expenses		(5,143)	(3,731)
Operating profit		20,137	36,795
Other non-operating income	20	2,107	2,375
Finance income	21	535	312
Finance costs	22	(3,164)	(3,773)
Share of profit of an associate		17	115
Profit before tax	23	19,632	35,824
Income tax expense	25	(4,580)	(7,824)
Profit for the year		15,052	28,000
Attributable to:			
Owners of the Company		15,003	28,004
Non-controlling interests		49	(4)
		15,052	28,000
Earnings per share attributable to owners of the Company (cents per share)			
Basic EPS	26	2.93	5.49
Diluted EPS	26	2.91	5.43

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000
Profit for the year		15,052	28,000
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
– Foreign currency translation		(108)	883
– Fair value changes on financial instrument		836	(1,328)
Other comprehensive income/(loss) for the year, net of tax		728	(445)
Total comprehensive income for the year		15,780	27,555
Attributable to:			
Owners of the Company		15,731	27,559
Non-controlling interests		49	(4)
Total comprehensive income for the year		15,780	27,555

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Attributable to owners of the Company								
Group	**Share capital (Note 16) $'000**	**Treasury shares (Note 16) $'000**	**Share-based payment reserve (Note 16) $'000**	**Revenue reserve $'000**	**Other reserves (Note 17) $'000**	**Foreign currency translation reserve (Note 18) $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2021									
At 1 January 2021	98,542	(2,557)	1,935	105,425	8,750	(20,321)	191,774	(136)	191,638
Profit for the year	–	–	–	15,003	–	–	15,003	49	15,052
Other comprehensive income/ (loss)									
– Foreign currency translation	–	–	–	–	–	(108)	(108)	–	(108)
– Fair value changes on financial instrument	–	–	–	–	836	–	836	–	836
Other comprehensive income/ (loss) for the year, net of tax	–	–	–	–	836	(108)	728	–	728
Total comprehensive income/ (loss) for the year	–	–	–	15,003	836	(108)	15,731	49	15,780
Contributions by and distributions to owners									
– Dividends on ordinary shares (Note 34)	–	–	–	(14,091)	–	–	(14,091)	–	(14,091)
– Purchase of treasury shares (Note 16)	–	(1,371)	–	–		–	(1,371)	–	(1,371)
– Re-issuance of treasury shares (Note 16)	–	2,018	(1,935)	–	(83)	–	–	–	–
– Issuance of shares of a subsidiary to non-controlling interest	–	–	–	–	–	–	–	48	48
Total transactions with owners in their capacity as owners	–	647	(1,935)	(14,091)	(83)	–	(15,462)	48	(15,414)
Closing balance at 31 December 2021	98,542	(1,910)	–	106,337	9,503	(20,429)	192,043	(39)	192,004

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

Group	Attributable to owners of the Company								
	Share capital (Note 16) $'000	Treasury shares (Note 16) $'000	Share-based payment reserve (Note 16) $'000	Revenue reserve $'000	Other reserves (Note 17) $'000	Foreign currency translation reserve (Note 18) $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2020									
At 1 January 2020	98,542	(4,039)	1,742	91,478	9,818	(21,204)	176,337	(132)	176,205
Profit/(loss) for the year	–	–	–	28,004	–	–	28,004	(4)	28,000
Other comprehensive income/ (loss)									
– Foreign currency translation	–	–	–	–	–	883	883	–	883
– Fair value changes on financial instrument	–	–	–	–	(1,328)	–	(1,328)	–	(1,328)
Other comprehensive income/ (loss) for the year, net of tax	–	–	–	–	(1,328)	883	(445)	–	(445)
Total comprehensive income/ (loss) for the year	–	–	–	28,004	(1,328)	883	27,559	(4)	27,555
Contributions by and distributions to owners									
– Dividends on ordinary shares (Note 34)	–	–	–	(14,057)	–	–	(14,057)	–	(14,057)
– Re-issuance of treasury shares (Note 16)	–	1,482	(1,742)	–	260	–	–	–	–
– Equity-settled compensation to employees (Note 16)	–	–	1,935	–	–	–	1,935	–	1,935
Total transactions with owners in their capacity as owners	–	1,482	193	(14,057)	260	–	(12,122)	–	(12,122)
Closing balance at 31 December 2020	98,542	(2,557)	1,935	105,425	8,750	(20,321)	191,774	(136)	191,638

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

Company	Share capital (Note 16) $'000	Treasury shares (Note 16) $'000	Share-based payment reserve (Note 16) $'000	Revenue reserve $'000	Other reserves (Note 17) $'000	Total equity $'000
2021						
At 1 January 2021	98,542	(2,557)	1,935	36,290	8,782	142,992
Profit for the year	–	–	–	3,558	–	3,558
Other comprehensive income						
– Fair value changes on financial instrument	–	–	–	–	836	836
Other comprehensive income for the year, net of tax	–	–	–	–	836	836
Total comprehensive income for the year	–	–	–	3,558	836	4,394
Contributions by and distributions to owners						
Dividends on ordinary shares (Note 34)	–	–	–	(14,091)	–	(14,091)
Purchase of treasury shares (Note 16)	–	(1,371)	–	–	–	(1,371)
Re-issuance of treasury shares (Note 16)	–	2,018	(1,935)	–	(83)	–
Total transactions with owners in their capacity as owners	–	647	(1,935)	(14,091)	(83)	(15,462)
Closing balance at 31 December 2021	98,542	(1,910)	–	25,757	9,535	131,924
2020						
At 1 January 2020	98,542	(4,039)	1,742	45,066	9,850	151,161
Profit for the year	–	–	–	5,281	–	5,281
Other comprehensive loss						
– Fair value changes on financial instrument	–	–	–	–	(1,328)	(1,328)
Other comprehensive loss for the year, net of tax	–	–	–	–	(1,328)	(1,328)
Total comprehensive income/(loss) for the year	–	–	–	5,281	(1,328)	3,953
Contributions by and distributions to owners						
Dividends on ordinary shares (Note 34)	–	–	–	(14,057)	–	(14,057)
Re-issuance of treasury shares (Note 16)	–	1,482	(1,742)	–	260	–
Equity-settled compensation to employees (Note 16)	–	–	1,935	–	–	1,935
Total transactions with owners in their capacity as owners	–	1,482	193	(14,057)	260	(12,122)
Closing balance at 31 December 2020	98,542	(2,557)	1,935	36,290	8,782	142,992

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

	2021 $'000	2020 $'000
Cash flows from operating activities:		
Profit before tax	19,632	35,824
Adjustments for:		
Depreciation of property, plant and equipment	10,676	9,335
Depreciation of right-to-use assets	5,813	5,839
Amortisation of intangible assets	3,994	3,954
Allowance for stock obsolescence made, net	295	249
Allowance for expected credit loss on trade receivables, net	23	691
Gain on liquidation of a subsidiary	(79)	–
(Gain)/loss on disposal and write off of property, plant and equipment	(126)	54
Share of profit of an associate	(17)	(115)
Interest expense *	3,209	3,794
Interest income	(535)	(312)
Operating cash flows before changes in working capital	42,885	59,313
Decrease in trade and other receivables, finance lease receivables and prepaid operating expenses	12,023	21,027
Increase in contract assets, net and inventories	(10,487)	(26,688)
Decrease in trade payables and accruals	(8,133)	(5,176)
Cash generated from operations	36,288	48,476
Interest paid	(2,246)	(2,095)
Interest received	241	312
Income tax paid	(4,900)	(6,588)
Net cash flows generated from operating activities	29,383	40,105
Cash flows from investing activities:		
Purchase of property, plant and equipment	(9,830)	(9,557)
Purchase of intangible assets	(474)	(1,282)
Release of restricted cash, net	2,151	4,852
Acquisition of businesses and assets, net of cash	(8,069)	(4,188)
Proceeds from disposal of property, plant and equipment	720	530
Net cash flows used in investing activities	(15,502)	(9,645)

* *Inclusive of $45,000 (2020: $21,000) of interest expenses included in cost of sales.*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

	2021 $'000	2020 $'000
Cash flows from financing activities:		
Purchase of treasury shares	(1,371)	–
Proceeds from/(repayment of) borrowings, net	3,276	(11,427)
Proceeds from issuance of shares of a subsidiary to NCI	48	–
Payment of lease liabilities	(5,827)	(6,640)
Dividends paid on ordinary shares	(14,091)	(14,057)
Net cash flows used in financing activities	(17,965)	(32,124)
Net decrease in cash and cash equivalents	(4,084)	(1,664)
Net effect of exchange rate changes on cash and cash equivalents	217	403
Cash and cash equivalents at 1 January	49,390	50,651
Cash and cash equivalents at 31 December	45,523	49,390
Restricted cash arising from acquisition of subsidiaries	987	3,135
Cash and bank balances at 31 December	46,510	52,525

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. Corporate information

CSE Global Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office of the Company was located at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 and its principal place of business is 202 Bedok South Avenue 1, #01-21, Singapore 469332.

On 31 January 2022, the Company changed its registered office to 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

The principal activities of the Company are those relating to provision of total integrated industrial automation, information technology and intelligent transport solutions and investment holding. The principal activities of the subsidiary companies are disclosed in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3 – *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16 – *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37 – *Onerous Contracts – Costs of Fulfilling a Contract*	1 January 2022
Annual improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 – *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(1) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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

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

Interest Rate Benchmark Reform – Phase 2: *Amendments to SFRS(I) 9, IAS 39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16*

The amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

(a) To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

(b) To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

(c) To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.4 Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgments made in applying accounting policies

Except as those disclosed in this report, management is of the opinion that there is no significant judgment made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Project revenue

For the financial year ended 31 December 2021, the Group recognised project revenue of $187,966,000 (2020: $236,238,000) and the carrying amounts of contract assets and contract liabilities arising from these projects as at 31 December 2021 amounted to $72,336,000 and $19,038,000 (2020: $61,432,000 and $15,798,000) respectively. The Group recognised revenue from project contracts using the input method that reflect the overtime transfer of control to its customers, which is measured by reference to the Group's progress towards completing the performance obligation on the contract. The measure of progress is determined by reference to the contract costs incurred to date as a percentage of the total estimated costs for each contract.

The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 9 to the consolidated financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment assessment of trade receivables and contract assets

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables and contract assets. The provision matrix is based on historical observed default rates, existing market conditions, adjusted for forward looking information at each reporting period. The determination of ECL require the use of management judgment and estimates and are sensitive to changes in circumstances and economic conditions.

This information about the ECLs on the Group's trade and other receivables and contract assets is disclosed in Note 11 and Note 9 respectively.

The carrying amount of trade receivables and contract assets as at 31 December 2021 are $70,541,000 and $72,336,000 (2020: $82,638,000 and $61,432,000) respectively.

Impairment of goodwill

As disclosed in Note 7 to the financial statements, the recoverable amounts of the cash generating units which goodwill have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 7 to the financial statements.

The carrying amount of the intangible assets as at 31 December 2021 is $58,525,000 (2020: $57,507,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Associates

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

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.8 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability, are recognised in profit or loss.

Non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination. However, if the initial allocation of goodwill acquired in a business combination cannot be completed before the end of the annual period in which the business combination is effected, that initial allocation shall be completed before the end of the first annual period beginning after the acquisition date.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.9 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment, other than freehold land, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	–	5 to 39 years
Leasehold improvements	–	2 to 20 years
Plant and machinery	–	4 to 5 years
Tools and equipment	–	5 years
Office furniture and fittings	–	5 years
Computer equipment	–	2 to 5 years
Motor vehicles	–	3 to 8 years

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Sales order backlog

Significant confirmed orders and pipeline projects which are acquired in a business combination and amortised over 2 to 4 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.11 Intangible assets (cont'd)

Non-compete agreement

Non-compete agreement acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is fair value at the acquisition date. The useful life of the non-compete agreements is 10 years as that is the duration imposed on the former owner of the business acquired to generate cash flows for the Group. The non-compete agreement are amortised on a straight-line basis over their useful lives of 10 years.

Licences and intellectual property rights

Costs relating to licences and intellectual property rights, which are acquired, are capitalised and amortised on a straight-line basis over their useful lives of 5 to 19 years.

Customer relationships

Customer relationships acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is fair value at the acquisition date. Subsequent to initial recognition, customer relationships acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Customer relationships are amortised over their useful lives of 3 to 15 years.

R&D asset

Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use.

Technical know-how

Technical know-how pertains to the information and knowledge relating to the design, development of production, installation and operation of the product acquired and capitalised. Technical know-how is amortised on a straight-line basis over their useful lives of 10 years.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement category, applicable to the Group, for classification of debt instruments is:

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Investments in equity instruments

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

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 Cash and bank balances

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Included in cash and bank balances are funds held in escrow which are not freely remissible for use by the Group.

2.15 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, finance lease receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 365 days past invoice date as based on the Group's historical repayment trends, it is not uncommon for debtors to take more than 90 days to make payment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

(i) Spare parts: purchase costs on a first-in first-out basis.

(ii) Trading goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.17 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.18 Employee benefits

(a) Defined contribution plans

As required by law, the Group's companies in Singapore, Malaysia, India, Australia and New Zealand make contributions to their respective countries' state pension schemes, being the Central Provident Fund ("CPF") in Singapore, the Employees Provident Fund ("EPF") in Malaysia and India, the Superannuation in Australia and the KiwiSaver in New Zealand. These state pension schemes are defined contribution plans that serve as the national retirement benefits plan for the employees of the Group working in those countries.

As required by law, the Group's companies in the United Kingdom operate a defined contribution pension scheme. Assets of the scheme are held separately from those of the companies in the United Kingdom in an independently administered fund.

The contributions that are made towards the above-mentioned contribution pension schemes are recognised as compensation expenses in the same period as the employment that gives rise to the contributions.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

(c) Employee share based payment plan

Employees of the Group receive remuneration in the form of shares as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted which takes into account non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share-based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the Group's best estimate of the number of shares that will ultimately be issued. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in share based compensation expense.

2.19 Leases

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

(a) As lessee

The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-to-use assets representing the right to use the underlying assets.

<u>Right-to-use assets</u>

The Group recognises right-to-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-to-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-to-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-to-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	–	More than 12 months to 10 years
Tools and equipment	–	2 to 6 years
Office furniture and fittings	–	3 to 5 years
Computer equipment	–	2 to 5 years
Motor vehicles	–	2 to 4 years

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.19 Leases (cont'd)

(a) As lessee (cont'd)

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.

The right-to-use assets are also subject to impairment. Refer to Note 2.12.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be 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 (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases.

The accounting policy for rental income is set out in Note 2.20(e). Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases in which the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable is recognised on the balance sheet. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.20 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue is the amount allocated to the satisfied performance obligation.

(a) Project revenue

The Group principally operates fixed price contracts. Revenue is recognised when control over the products has been transferred to the customer over time, by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method).

In applying the percentage of completion method, revenue recognised corresponds to the total project revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

For products whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) Time and material revenue

Revenue from sale of goods and services is recognised upon the satisfaction of performance obligations when materials are delivered and services are rendered to customers.

(c) Maintenance revenue

Maintenance revenue is recognised on a straight-line basis over the specified contract period. Maintenance revenue received in advance is deferred as unearned income and recognised as income over the life of the maintenance contracts.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.21 Income taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.21 Income taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 Treasury shares

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

2.24 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (cont'd)

2.26 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received or forgivable loan provided by the government will be waived and all attaching conditions will be complied with. Where the grant relates to an expense item, it is deducted on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.27 Hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instrument such as interest rate swap to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of the Group's hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

(a) There is 'an economic relationship' between the hedged item and the hedging instrument.

(b) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

(c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash flow hedges which meet the criteria for hedge accounting are accounted as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts accumulated in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a cash flow hedged is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Group companies

Details of subsidiaries of the Company at 31 December are:

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Cost		Effective equity interest held by the Group	
			2021 $'000	2020 $'000	2021 %	2020 %
i	CSE Global (Asia) Pte Ltd (Singapore)	E-business integration, research and development and investment holding (Singapore)	27,264	27,264	100	100
i	CSE Global (Americas) Pte Ltd (Singapore)	Investment holding (Singapore)	39,556	39,556	100	100
ii	CSE Systems & Engineering (India) Private Limited (1) (India)	Sales and provision of computer network systems (India)	36	36	100	100
ii	CSE-Hankin (China) Co., Ltd (2) (China)	Design and install high temperature thermal process and incineration systems (China)	2,524	2,524	100	100
i	CSE Communications & Security Pte Ltd (Singapore)	Provision of turnkey telecommunications solutions and security systems (Singapore)	75,302	75,302	100	100
ii	CSE-Global (Australia) Pty Ltd (10) (Australia)	Distribution of electrical engineering equipment and provision of telecommunications solutions and investment holding (Australia)	46,213	46,213	100	100
i	CSE-Crosscom (International) Pte Ltd (Singapore)	Provision of telecommunications solutions and investment holding (Singapore)	–"	–"	100	100
			190,895	190,895		

" *Denotes amounts less than $1,000*

The carrying amount of the Company's investment in subsidiaries at the balance sheet date is disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Group companies (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2021 %	2020 %
	Held by CSE Global (Asia) Pte Ltd			
i	CSE-ITS Pte Ltd (Singapore)	Provision of infrastructure engineering services (Singapore)	100	100
i	CSE-IAP Pte Ltd (Singapore)	Provision of computer systems integration services (Singapore)	100	100
i	CSE-EIS Pte Ltd (Singapore)	Provision of computer systems integration services (Singapore)	100	100
ii	CSE-EIS (Malaysia) Sdn Bhd (3) (Malaysia)	Sales and provision of computer systems (Malaysia)	100	100
i	CSE Hankin (Singapore) Pte Ltd (Singapore)	Provision of process plant and environmental engineering services (Singapore)	100	100
i	Sirius System & Engineering Solutions Pte Ltd * (Singapore)	Provision of process plant and environmental engineering services (Singapore)	–	100
ii	CSE Systems & Engineering (India) Private Limited (1) (India)	Sales and provision of computer network systems (India)	100	100
ii	CSE-Hankin (China) Co., Ltd (2) (China)	Design and install high temperature thermal process and incineration systems (China)	100	100
iii	CSE W-Industries Nigeria Ltd (Nigeria)	Sale and provision of system integration services (Nigeria)	100	100
	Held by CSE Hankin (Singapore) Pte Ltd			
iv	CSE-Hankin Inc (America)	Design and install high temperature thermal process and incineration systems (America)	100	100
iii	CSE-Hankin (Taiwan) Ltd (Taiwan)	Design and install high temperature thermal process and incineration systems (Taiwan)	90	90

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Group companies (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2021 %	2020 %
	Held by CSE Global (Americas) Pte Ltd			
i	CSE (Americas) Pte Ltd (Singapore)	Sale and provision of system integration services and investment holding (Singapore)	100	100
iii	Converge Resources Inc (America)	Sale and provision of contracting resources and permanent placement for niche technical resources (America)	70	70
iii	W-Industries De Moçambique, Lda (Mozambique)	Sale and provision of integration services (Mozambique)	100	100
iii	CSE W-Industries De Mexico, S. de R.L. de C.V. ^ (Mexico)	Sale and provision of system integration and engineering services (Mexico)	100	–
	Held by CSE (Americas) Pte Ltd			
iv	CSE Americas, Inc (America)	Sale and provision of system integration services and investment holding (America)	100	100
iii	Industrias W de Mexico, SA de C.V. (Mexico)	Sale and provision of system integration services (Mexico)	100	100
iii	W-Industries De Moçambique, Lda (Mozambique)	Sale and provision of integration services (Mozambique)	100	100
iii	CSE W-Industries De Mexico, S. de R.L. de C.V. ^ (Mexico)	Sale and provision of system integration and engineering services (Mexico)	100	–
	Held by CSE Americas, Inc			
iii	CSE W-Industries, Inc (America)	Sale and provision of system integration services (America)	100	100
iv	CSE ICON, Inc (America)	Sale and provision of system integration services (America)	100	100
iv	Blackstar Services, LLC (America)	Design and development of water treatment and disposal technology (America)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Group companies (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2021 %	2020 %
	Held by CSE W-Industries, Inc			
iv	W-Industries of Texas, LLC (America)	Sale and provision of system integration services (America)	100	100
iv	W-Industries of Louisiana, LLC (America)	Sale and provision of system integration services (America)	100	100
iv	CC American Oilfield, LLC (America)	Sale and provision of system integration services (America)	100	100
iv	Gulf Coast Power & Control of Louisiana, LLC (America)	Sale and provision of system integration services (America)	100	100
iii	CSE W-Industries Nigeria Ltd (Nigeria)	Sale and provision of system integration services (Nigeria)	100	100
iv	Volta, LLC (America)	Sale and provision of electrical control system (America)	100	100
iv	Volta Properties, LLC (America)	Lease of office and warehouse space (America)	100	100
iv	Select Building Controls, LLC (America)	Commercial building controls and automation (America)	100	100
iv	EPIC Engineering, LLC ^^ (America)	Project management, engineered design packages, field services, panel fabrication, networking and automation services (America)	100	–
iv	EPIC Automation, LLC ^^ (America)	Project management, engineered design packages, field services, panel fabrication, networking and automation services (America)	100	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Group companies (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2021 %	2020 %
	Held by CC American Oilfield LLC			
iii	R-M Transactions, LLC (America)	Dormant (America)	100	100
	Held by Volta LLC			
iii	Volta Services, LLC (America)	Dormant (America)	100	100
iii	Volta Technologies, LLC (America)	Dormant (America)	100	100
	Held by CSE Communications & Security Pte Ltd			
iii	PT CSE Communications & Security (Indonesia)	Provision of turnkey telecommunications solutions (Indonesia)	100	100
iii	TransTel Engineering (Nigeria) Ltd (Nigeria)	Provision of turnkey telecommunications solutions (Nigeria)	80	80
ii	TransTel Engineering (Tianjin) Co. Ltd (5) (China)	Provision of turnkey telecommunications solutions (China)	100	100
ii	TransTel Engineering Thailand Ltd ** (6) (Thailand)	Provision of turnkey telecommunications solutions (Thailand)	–	100
ii	CSE Communications & Security Sdn Bhd (3) (Malaysia)	Provision of turnkey telecommunications solutions (Malaysia)	100	100
iii	TransTel Engineering Arabian Limited Co. (Saudi Arabia)	Provision of turnkey telecommunications solutions (Saudi Arabia)	100	100
ii	TransTel Engineering PNG Limited (7) (Papua New Guinea)	Provision of turnkey telecommunications solutions (Papua New Guinea)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Group companies (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2021 %	2020 %
	Held by CSE Communications & Security Pte Ltd (cont'd)			
ii	CSE TransTel India Private Limited [8] (India)	Sales and provision of telecommunications network systems (India)	100	100
iii	CSE TransTel Middle East FZE (Dubai)	Sales and provision of telecommunications network systems (Dubai)	100	100
	Held by CSE-Global (Australia) Pty Ltd			
ii	CSE-Uniserve Corporation Pty Ltd [10] (Australia)	Distribution of electrical engineering equipment and investment holding (Australia)	100	100
ii	Astib Group Pty Ltd [10] (Australia)	Provision of telecommunications solutions and investment holding (Australia)	100	100
ii	CSE Crosscom Pty Ltd [10] (Australia)	Provision of telecommunications solutions (Australia)	100	100
ii	Orionet Limited [4] (New Zealand)	Provision of telecommunications solutions equipment (New Zealand)	100	100
	Held by CSE-Uniserve Corporation Pty Ltd			
ii	CSE-Uniserve Pty Ltd [10] (Australia)	Distribution of electrical engineering equipment (Australia)	100	100
ii	CSE New Zealand Ltd [4] (New Zealand)	Distribution of electrical engineering equipment and manufacture of process control and automation equipment (New Zealand)	100	100
	Held by CSE New Zealand Ltd			
ii	Genesis Communications Ltd [4] (New Zealand)	Distribution of electrical engineering equipment and manufacture of process control and automation equipment (New Zealand)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Group companies (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2021 %	2020 %
	Held by Astib Group Pty Ltd			
ii	CSE-Transtel Pty Ltd (10) (Australia)	Provision of telecommunications solutions (Australia)	100	100
ii	CSE-CX Distribution Pty Ltd (10) (Australia)	Dormant (Australia)	100	100
ii	CSE-Comsource Pty Ltd (10) (Australia)	Provision of telecommunications solutions (Australia)	100	100
	Held by CSE Crosscom Pty Ltd			
ii	RCS Telecommunications Pty Ltd (10) (Australia)	Provision of telecommunications solutions (Australia)	100	100
ii	Gambier Electronics Pty Ltd ^^ (10) (Australia)	Provision of telecommunications solutions (Australia)	100	–
	Held by CSE-Crosscom (International) Pte Ltd			
ii	CSE Crosscom UK Limited (9) (United Kingdom)	Provision of telecommunications solutions and investment holding (United Kingdom)	100	100
	Held by CSE Crosscom UK Limited			
ii	Chatterbox Limited (9) (United Kingdom)	Provision of telecommunications solutions (United Kingdom)	100	100
ii	Zycomm Electronics Limited (9) (United Kingdom)	Provisions of two-way radio business (United Kingdom)	100	100
ii	Radiotek Limited (9) ^^ (United Kingdom)	Provision of telecommunications solutions (United Kingdom)	100	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Group companies (cont'd)

(i) Audited by Ernst & Young LLP, Singapore

(ii) Audited by other auditors

(1) Audited by M.V Guruprasad, Chartered Accountants
(2) Audited by Beijing Zhong Yong LiQin, Certified Public Accountants
(3) Audited by RSM Malaysia
(4) Audited by JSA Audit Ltd.
(5) Audited by Tianjin Zhong Hao Hai, Certified Public Accountants
(6) Audited by Siam Council Audit Services Limited, Certified Public Accountants
(7) Audited by Sinton Spence
(8) Audited by AFC Corporate Advisors Pvt Ltd
(9) Audited by Macintyre Hudson LLP
(10) Audited by BDO Australia Ltd

(iii) Not required to be audited under the laws of the country of incorporation.

(iv) Not required to be audited under the laws of the country of incorporation, but audited by Ernst & Young LLP, Singapore for the purpose of consolidation of the Group.

* *On 21 October 2020, Sirius System & Engineering Solutions Pte Ltd ("Sirius") had applied for its name to be struck off from the Registers of Companies. On 8 February 2021, Sirius has been struck off from the Registers of Companies.*

** *TransTel Engineering Thailand Ltd was liquidated during the year.*

^ *CSE W-Industries De Mexico, S. de R.L. de C.V. was newly incorporated during the year.*

^^ *In April 2021, the Group has acquired 100% equity interest in Gambier Electronics Pty Ltd and 100% equity interest in EPIC Engineering, LLC and EPIC Automation, LLC (collectively referred as "EPIC").*

In July 2021, the Group has acquired 100% equity interest in Radiotek Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. **Property, plant and equipment**

Group	Assets under construction $'000	Freehold land $'000	Buildings $'000	Leasehold improve-ments $'000	Plant and machinery $'000	Tools and equipment $'000	Office furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Cost:										
At 1 January 2020	687	3,078	13,206	26,540	13,637	22,290	5,138	10,060	7,940	102,576
Currency realignment	10	(57)	(694)	15	306	1,126	27	31	21	785
Additions	2,912	–	391	2	2,528	1,125	562	310	1,727	9,557
Acquisition of businesses (Note 5)	–	–	–	–	43	167	9	–	109	328
Disposals	–	–	–	(3)	(40)	(613)	(113)	(503)	(814)	(2,086)
Write-off	(6)	–	–	–	(27)	(252)	(50)	(153)	–	(488)
Reclassification	(3,053)	944	19,795	(18,701)	3,085	(2,595)	–	330	195	–
Reclassification from intangible assets (Note 7)	–	–	–	–	3,516	–	–	–	–	3,516
At 31 December 2020 and 1 January 2021	550	3,965	32,698	7,853	23,048	21,248	5,573	10,075	9,178	114,188
Currency realignment	2	86	796	43	57	(499)	39	27	82	633
Additions	1,865	–	284	502	2,422	881	202	691	2,983	9,830
Acquisition of businesses (Note 5)	–	–	–	–	474	–	40	3	146	663
Disposals	–	–	–	(15)	(59)	(1,470)	(40)	(42)	(725)	(2,351)
Write-off	–	–	–	(56)	(274)	(853)	(705)	(1,257)	(65)	(3,210)
Reclassification	(251)	–	–	88	4	–	(88)	247	–	–
Reclassification from intangible assets (Note 7)	476	–	–	–	–	–	–	–	–	476
At 31 December 2021	2,642	4,051	33,778	8,415	25,672	19,307	5,021	9,744	11,599	120,229

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. **Property, plant and equipment (cont'd)**

Group	Assets under construction $'000	Freehold land $'000	Buildings $'000	Leasehold improve-ments $'000	Plant and machinery $'000	Tools and equipment $'000	Office furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Accumulated depreciation:										
At 1 January 2020	–	–	4,233	3,980	6,027	15,064	3,954	7,253	3,825	44,336
Currency realignment	–	–	(222)	11	175	909	5	27	(21)	884
Charge for the year	–	–	1,445	471	2,298	2,535	619	802	1,165	9,335
Disposals	–	–	–	(3)	(36)	(410)	(95)	(498)	(564)	(1,606)
Write-off	–	–	–	–	(15)	(178)	(36)	(114)	–	(343)
Reclassification	–	–	218	(218)	1,912	(1,912)	–	–	–	–
At 31 December 2020 and 1 January 2021	–	–	5,674	4,241	10,361	16,008	4,447	7,470	4,405	52,606
Currency realignment	–	–	228	2	11	(449)	53	3	57	(95)
Charge for the year	–	–	1,363	676	3,432	2,228	491	873	1,613	10,676
Disposals	–	–	–	(15)	(59)	(1,303)	(37)	(36)	(512)	(1,962)
Write-off	–	–	–	(52)	(157)	(832)	(662)	(1,250)	(52)	(3,005)
At 31 December 2021	–	–	7,265	4,852	13,588	15,652	4,292	7,060	5,511	58,220
Net carrying value:										
At 31 December 2021	2,642	4,051	26,513	3,563	12,084	3,655	729	2,684	6,088	62,009
At 31 December 2020	550	3,965	27,024	3,612	12,687	5,240	1,126	2,605	4,773	61,582

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Property, plant and equipment (cont'd)

Company	Leasehold improvements $'000	Machinery $'000	Office furniture and fittings $'000	Computer equipment $'000	Motor vehicle $'000	Total $'000
Cost:						
At 1 January 2020	2,889	21	236	267	216	3,629
Additions	–	–	3	15	–	18
At 31 December 2020 and 1 January 2021	2,889	21	239	282	216	3,647
Additions	30	–	–	5	–	35
At 31 December 2021	2,919	21	239	287	216	3,682
Accumulated depreciation:						
At 1 January 2020	1,007	15	167	195	216	1,600
Charge for the year	288	4	47	67	–	406
At 31 December 2020 and 1 January 2021	1,295	19	214	262	216	2,006
Charge for the year	291	2	23	20	–	336
At 31 December 2021	1,586	21	237	282	216	2,342
Net carrying value:						
At 31 December 2021	1,333	–	2	5	–	1,340
At 31 December 2020	1,594	2	25	20	–	1,641

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Investment in subsidiaries and amounts due from/(to) subsidiaries

	Company	
	2021 $'000	2020 $'000
Unquoted shares, at cost	190,895	190,895
Impairment losses	(63,724)	(63,724)
	127,171	127,171

Details of the subsidiaries are set out in Note 3.

	Company	
	2021 $'000	2020 $'000
Impairment losses		
As at 1 January	63,724	65,791
Write back of impairment loss on investment in a subsidiary	–	(2,067)
As at 31 December	63,724	63,724

In 2020, the management carried out a review on the impairment of investment in subsidiaries. As a result of the review, a reversal of impairment loss of $2,067,000 was recognised to write back the carrying value of CSE Communications & Security Pte Ltd to the recoverable amount, based on the fair value of net assets held by the subsidiary.

As at 31 December 2021, the Group does not have any subsidiaries that have non-controlling interests (NCI) that are material to the Group.

Acquisition of businesses in 2021

Acquisition of business in United States

In April 2021, a wholly-owned subsidiary of the Group, CSE W-Industries Inc acquired 100% of the issued and paid-up share capital of EPIC Engineering, LLC and EPIC Automation, LLC (collectively referred as "EPIC") for a consideration of USD 2,300,000 (approximately $3,048,000).

The acquisition allowed the Group to expand its business in process controls and system integration services in the United States.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Acquisition of businesses in 2021 (cont'd)

Acquisition of business in United States (cont'd)

The fair values of the identifiable assets and liabilities acquired are as follows:

	Fair value recognised on acquisition $'000
Customer relationships	296
Trade and other receivables	881
Total assets	1,177
Trade and other payables	(296)
Total liability	(296)
Total identifiable net assets at fair value	881
Goodwill arising from acquisition	2,167
Cash paid on acquisition, representing net cash outflow on acquisition	3,048

Transaction costs

Transaction costs relating to the acquisition is not significant.

Goodwill arising from acquisition

The goodwill arising from the acquisition of EPIC comprises the value of strengthening the Group's market position in process controls and system integration services in the United States.

Impact on the acquisition on profit or loss

Since the acquisition date, EPIC has contributed USD 2,293,000 (approximately $3,081,000) of revenue and generated profit for the year of USD 163,000 (approximately $207,000).

If the business combination had taken place at the beginning of the year, revenue contributed would have been USD 2,688,000 (approximately $3,612,000).

Provisional accounting of the acquisition of asset and business

The purchase price allocation of the acquisition of asset and business in the financial year ended 31 December 2021 was provisional as the Group had sought a valuation for the acquisitions. The results of this valuation had not been finalised at the date the 2021 financial statements were authorised for issue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Acquisition of businesses in 2021 (cont'd)

Acquisition of business in Australia

In April 2021, a wholly-owned subsidiary of the Group, CSE Crosscom Pty Ltd ("CSE Crosscom") acquired 100% of the issued share capital in Gambier Electronics Pty Ltd ("Gambier") with a consideration of AUD 1,000,000 (approximately $1,020,000).

The acquisition allowed the Group to continue to expand its business in the provision of telecommunications products and services in Australia.

The fair values of the identifiable assets and liabilities acquired are as follows:

	Fair value recognised on acquisition $'000
Customer relationships	413
Property, plant and equipment	305
Inventories	96
Trade and other receivables	154
Cash and bank balances	427
Total assets	1,395
Trade and other payables	(258)
Tax payables	(37)
Deferred tax liability	(124)
Total liabilities	(419)
Total identifiable net assets at fair value	976
Goodwill arising from acquisition	44
Cash paid on acquisition	1,020
Less: cash and bank balances	(427)
Cash paid on acquisition, representing net cash outflow on acquisition	593

<u>Transaction costs</u>

Transaction costs relating to the acquisition is not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Acquisition of businesses in 2021 (cont'd)

Acquisition of business in Australia (cont'd)

Goodwill arising from acquisition

The goodwill arising from the acquisition of Gambier comprises the value of strengthening the Group's market position in provision of telecommunications products and services in Australia.

Impact on the acquisition on profit or loss

Since the acquisition date, Gambier has contributed AUD 864,000 (approximately $869,000) of revenue and generated profit for the year of AUD 13,000 (approximately $14,000).

If the business combination had taken place at the beginning of the year, revenue contributed would have been AUD 1,154,000 (approximately $1,161,000).

Provisional accounting of the acquisition of asset and business

The purchase price allocation of the acquisition of asset and business in the financial year ended 31 December 2021 was provisional as the Group had sought a valuation for the acquisitions. The results of this valuation had not been finalised at the date the 2021 financial statements were authorised for issue.

Acquisition of business in United Kingdom

In July 2021, a wholly-owned subsidiary of the Group, CSE Crosscom UK Ltd ("CSE Crosscom UK") acquired 100% of the issued and paid-up share capital of Radiotek Ltd ("Radiotek") for a consideration of GBP 1,619,000 (approximately S$3,001,000). The acquisition allowed the Group to expand its business in the provision of communication systems in United Kingdom.

The fair values of the identifiable assets and liabilities acquired are as follows:

	Fair value recognised on acquisition $'000
Customer relationships	601
Property, plant and equipment	275
Inventories	213
Trade and other receivables	91
Cash and bank balances	724
Total assets	1,904
Trade and other payables	(67)
Tax payables	(36)
Deferred tax liability	(114)
Total liabilities	(217)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Acquisition of businesses in 2021 (cont'd)

Acquisition of business in United Kingdom (cont'd)

	Fair value recognised on acquisition $'000
Total identifiable net assets at fair value	1,687
Goodwill arising from acquisition	1,314
Cash paid on acquisition	3,001
Less: cash and bank balances	(724)
Less: deferred cash consideration	(463)
Net cash outflow on acquisition	1,814

Transaction costs

Transaction costs relating to the acquisition is not significant.

Goodwill arising from acquisition

The goodwill arising from the acquisition of Radiotek comprises the value of strengthening the Group's market position in the provision of communication systems in United Kingdom.

Impact on the acquisition on profit or loss

Since the acquisition date, Radiotek has contributed GBP 449,000 (approximately $835,000) of revenue and generated profit for the year of GBP 75,000 (approximately $139,000).

If the business combination had taken place at the beginning of the year, revenue contributed would have been GBP 1,078,000 (approximately $2,005,000).

Contingent consideration arrangement

As part of the purchase agreement with the previous owner of Radiotek, a contingent consideration has been agreed and payable after 12 months from the acquisition date.

Provisional accounting of the acquisition of asset and business

The purchase price allocation of the acquisition of asset and business in the financial year ended 31 December 2021 was provisional as the Group had sought a valuation for the acquisitions. The results of this valuation had not been finalised at the date the 2021 financial statements were authorised for issue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Acquisition of businesses in 2020

Acquisition of business in United States

In December 2020, a wholly-owned subsidiary of the Group, CSE W-Industries Inc completed the acquisition of 100% of the issued and paid-up share capital of Select Building Controls, LLC ("SBC") for purchase consideration of USD 2,190,000 (approximately $2,901,000) focusing on large scale commercial building controls and automation, serving industries in healthcare, government and private sectors in Louisiana, United States.

The acquisition allowed the Group to expand in process controls and system integration services in the United States.

The fair values of the identifiable assets and liabilities acquired were as follows:

	Fair value recognised on acquisition $'000
Customer relationships	548
Trade and other receivables	265
Total assets	813
Trade and other payables	(12)
Total liability	(12)
Total identifiable net assets at fair value	801
Goodwill arising from acquisition	2,100
Cash paid on acquisition	2,901
Less: deferred cash consideration	(385)
Net cash outflow on acquisition	2,516

Transaction costs

Transaction costs relating to the acquisition were not significant.

Goodwill arising from acquisition

The goodwill arising from the acquisition of SBC comprises the value of strengthening the Group's market position in process controls and system integration services in the United States.

Impact on the acquisition on profit or loss

As the newly acquired business was acquired in December 2020, the contributions to the group were not significant. If the business combination had taken place at the beginning of the year, revenue contributed would have been USD 1,812,000 (approximately $2,502,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Acquisition of businesses in 2020 (cont'd)

Acquisition of business in Australia

In December 2020, a wholly-owned subsidiary of the Group, CSE Crosscom Pty Ltd ("CSE Crosscom") entered into a business sale agreement for acquisition of assets and business of Marcom Watson ("Marcom") for a consideration of AUD 400,000 (approximately $405,000).

The acquisition allowed the Group to continue to expand its business in the provision of two-way radio business geographical footprints in Australia.

The fair values of the identifiable assets and liabilities acquired were as follows:

	Fair value recognised on acquisition $'000
Property, plant and equipment	66
Inventories	115
Total assets	181
Trade and other payables	(84)
Total liability	(84)
Total identifiable net assets at fair value	97
Goodwill arising from acquisition	308
Cash paid on acquisition, representing net cash outflow on acquisition	405

Transaction costs

Transaction costs relating to the acquisition were not significant.

Goodwill arising from acquisition

The goodwill arising from the acquisition of Marcom comprised the value of strengthening the Group's market position in provision of two-way radio business geographical footprints in Australia.

Impact on the acquisition on profit or loss

The newly acquired businesses had been integrated with the existing business and did not maintain separate accounting records. It was impracticable to determine the contribution of the newly acquired businesses would have made to the Group's profit or loss assuming that the acquisition had taken place since the start of the financial year.

Acquisition of business in United Kingdom

In December 2020, a wholly-owned subsidiary of the Group, CSE Crosscom UK Ltd ("CSE Crosscom UK") entered into a business sale agreement for acquisition of assets and business of Zycomm Electronics Ltd ("Zycomm") for a consideration of GBP 800,000 (approximately $1,434,000).

The acquisition allowed the Group to expand its business in the provision of communication systems in United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Acquisition of businesses in 2020 (cont'd)

Acquisition of business in United Kingdom (cont'd)

The purchase price allocation of the acquisition was provisional in the Group's financial statement for the year ended 31 December 2020. Subsequent to the completion of the purchase price allocation in the current financial year, the Group made certain adjustments to the valuations of the business and recorded the adjustments in the current financial year as follows:

	Fair value recognised on acquisition $'000	Fair value adjustments $'000	Fair value recognised $'000
Property, plant and equipment	262	83	345
Customer relationship	–	529	529
Cash and bank balances	484	–	484
Trade and other receivables	745	–	745
Inventories	338	51	389
Total assets	1,829	663	2,492
Trade and other payables	(722)	–	(722)
Tax payable	(245)	–	(245)
Deferred tax liability	(23)	(101)	(124)
Total liabilities	(990)	(101)	(1,091)
Total identifiable net assets at fair value	839	562	1,401
Goodwill arising from acquisition	595	(562)	33
Cash paid on acquisition	1,434	–	1,434
Less: cash and bank balances	(484)	–	(484)
Less: deferred cash consideration	(269)	–	(269)
Net cash outflow on acquisition	681	–	681

Transaction costs

Transaction costs relating to the acquisition were not significant.

Goodwill arising from acquisition

The goodwill arising from the acquisition of Zycomm comprises the value of strengthening the Group's market position in provision of communication systems in United Kingdom.

Impact on the acquisition on profit or loss

Since the acquisition date, Zycomm had contributed GBP 40,000 (approximately $71,000) of revenue and generated profit for the year of GBP 5,000 (approximately $9,000).

If the business combination had taken place at the beginning of the year, revenue contributed would have been GBP 2,316,000 (approximately $4,101,000).

Contingent consideration arrangement

As part of the purchase agreement with the previous owner of Zycomm, a contingent consideration had been agreed and was paid within 6 months from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Amounts due from subsidiaries

	Company	
	2021	**2020**
	$'000	**$'000**
Amounts due from a subsidiary, non-current:		
Term loans	–	578
Amounts due from subsidiaries, current:		
Trade	2,150	3,750
Non-trade	111,963	108,879
Short term loans	30,380	30,557
	144,493	143,186

Amounts due from subsidiaries denominated in foreign currencies at 31 December are as follows:

	Company	
	2021	**2020**
	$'000	**$'000**
United States Dollars	110,006	108,706
British Pounds Sterling	5,751	2,996
Australia Dollars	11,464	17,393

Striking-off a subsidiary

During the financial year, the Group struck off its wholly-owned subsidiary, TransTel Engineering Thailand Ltd. As a result of the deregistration, realisation of cumulative foreign currency translation gain upon liquidation of the subsidiary $79,000 was recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Investment in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Amounts due to subsidiaries

	Company 2021 $'000	Company 2020 $'000
Amounts due to subsidiaries, current:		
Trade	1,393	1,025
Non-trade	2,128	1,018
Short term loans	45,375	36,235
	48,896	38,278

Amounts due to subsidiaries denominated in foreign currencies at 31 December are as follows:

	Company 2021 $'000	Company 2020 $'000
United States Dollars	18,668	14,413

The trade and non-trade amounts due from/(to) subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

In 2020, the long term loan due from a subsidiary bear interest at 2.3% per annum.

The short term loans due from subsidiaries bear interest at 2.0% to 5.0% per annum (2020: 2.0% to 5.0%).

The short term loans due to subsidiaries bear interest at 1.5% to 2.3% per annum (2020: 1.5% to 3.8%).

6. Other investment

	Group and Company 2021 $'000	Group and Company 2020 $'000
Non-current:		
At amortised cost		
– Debt securities	1,273	1,279

Debt securities measured at amortised cost bear interest at 4.05% (2020: 4.05%) per annum and will mature in 3.93 years (2020: 4.93 years).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

7. Intangible assets

Group	Goodwill $'000	Sales order backlog $'000	Non-compete agreement $'000	Licences $'000	Intellectual property rights $'000	R&D assets $'000	Technical know-how $'000	Customer relationships $'000	Total $'000
Cost:									
At 1 January 2020	64,140	2,261	1,962	1,802	31	5,957	–	14,331	90,484
Currency realignment	662	(45)	(28)	(5)	–	(111)	–	66	539
Additions	–	–	–	–	–	1,282	–	–	1,282
Acquisition of businesses (Note 5)	3,589	–	–	–	–	–	–	548	4,137
Reclassification to property, plant and equipment	–	–	–	–	–	(6,662)	3,146	–	(3,516)
At 31 December 2020 and 1 January 2021	68,391	2,216	1,934	1,797	31	466	3,146	14,945	92,926
Currency realignment	338	46	42	4	–	10	68	72	580
Additions	–	–	–	–	474	–	–	–	474
Acquisition of businesses (Note 5)	2,963	–	–	–	–	–	–	1,839	4,802
Reclassification to property, plant and equipment	–	–	–	–	–	(476)	–	–	(476)
Reclassification	(77)	–	–	–	–	–	–	77	–
At 31 December 2021	71,615	2,262	1,976	1,801	505	–	3,214	16,933	98,306
Accumulated amortisation and impairment loss:									
At 1 January 2020	24,052	1,664	785	1,159	30	–	–	3,940	31,630
Currency realignment	(206)	(54)	(23)	(2)	1	–	–	119	(165)
Amortisation for the year	–	606	205	200	–	–	–	2,943	3,954
At 31 December 2020 and 1 January 2021	23,846	2,216	967	1,357	31	–	–	7,002	35,419
Currency realignment	325	46	23	2	–	–	3	(31)	368
Amortisation for the year	–	–	200	199	23	–	345	3,227	3,994
At 31 December 2021	24,171	2,262	1,190	1,558	54	–	348	10,198	39,781
Net carrying value:									
At 31 December 2021	47,444	–	786	243	451	–	2,866	6,735	58,525
At 31 December 2020	44,545	–	967	440	–	466	3,146	7,943	57,507
Remaining amortisation period (years):									
At 31 December 2021	NA	–	4	1.5 – 2	18	–	9	1 – 10	NA
At 31 December 2020	NA	–	5	2.5 – 3	–	–	10	1 – 11	NA

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

7. Intangible assets (cont'd)

Licences

The licences are related to industrial design rights for automatic chemical resistance starters for electric motors.

Intellectual property rights

Intellectual property rights relate to the patented and unpatented technologies of tracking system, lock device and water treatment system.

Research & Development assets ("R&D assets")

R&D assets relate to the acquisition and development of a prototype for a water treatment system.

Technical know-how

Technical know-how relates to the know-how acquired to develop the water treatment system.

Company	**Licences $'000**
Cost:	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	1,612
Accumulated amortisation:	
At 1 January 2020	1,128
Amortisation for the year	161
At 31 December 2020 and 1 January 2021	1,289
Amortisation for the year	161
At 31 December 2021	1,450
Net carrying value:	
At 31 December 2021	162
At 31 December 2020	323

Amortisation of intangibles assets other than goodwill are included in the "Other expenses" line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

7. Intangible assets (cont'd)

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to the Group's cash-generating units (CGU) identified according to each individual business unit for impairment testing. The carrying amounts of goodwill less accumulated impairment losses are allocated as follows:-

	Group	
	2021	**2020**
	$'000	**$'000**
CSE W-Industries, Inc.		
– CC American Oilfield, LLC	3,581	3,505
– Gulf Coast Power & Control of Louisiana, LLC	1,602	1,568
– Volta, LLC	18,097	17,718
– W-Industries of Louisiana, LLC *	2,148	2,100
– W-Industries of Texas, LLC *	2,213	–
CSE-Global (Australia) Pty Ltd		
– Uniserve Group	5,426	5,600
– CSE New Zealand Ltd	1,179	1,214
– Telecommunications business	5,461	5,673
– RCS Telecommunications	5,354	5,525
CSE-Global (Asia) Pte Ltd		
– CSE-EIS (Malaysia) Sdn Bhd	486	486
CSE Crosscom UK group		
– Chatterbox Ltd	571	561
– Zycomm Electronics Ltd	34	595
– Radiotek Ltd	1,292	–
	47,444	44,545

* *Select Building Controls, LLC and EPIC have been integrated into the existing business of W-industries of Louisiana, LLC and W-industries of Texas, LLC respectively.*

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use calculations use 5-year cash flow projections based on financial forecasts approved by management. Management has considered and determined the factors applied in these financial budgets which include forecasted gross margins and average growth rates. The forecasted gross margins are based on past performance and its expectation of market development. Average growth rates of 0% to 15% (2020: 0% to 10%) used are consistent with forecasts based on existing contracts and book orders. The discount rate applied are assumed at 6.5% (2020: 6.8%) for value-in-use calculations, which approximates the Group weighted average cost of capital.

Key assumptions used in the value in use calculations are as follows:

Forecasted gross margins - Gross margins are based on average values achieved in the year preceding the start of the forecast period. These have been forecasted to remain constant over the budget period.

Discount rates - Discount rate used reflecting management's estimate of the risks and the expected returns after tax from the CGUs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

7. Intangible assets (cont'd)

Impairment testing of goodwill (cont'd)

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

If the management's estimated discount rate applied to the cash flow projections had been increased by 1.0% to 3.0% (2020: 1.0% to 3.0%), this would result in a 14% to 45% (2020: 10% to 44%) decrease to the recoverable amount of the CGU, which would still be in excess of the carrying amount.

8. Deferred tax assets/(liabilities)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is an analysis of deferred tax balances (after offset) for balance sheet presentation purpose:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	2,974	2,980	1,134	908
Deferred tax liabilities	(3,354)	(2,672)	–	–
	(380)	308	1,134	908

This can be analysed as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets:				
Provisions	3,352	3,835	503	876
Unutilised tax losses	634	108	561	–
Revenue recognised on accrual basis	608	693	610	693
Gross deferred tax assets	4,594	4,636	1,674	1,569
Deferred tax liabilities:				
Differences in depreciation and amortisation	(3,970)	(4,095)	(540)	(661)
Provisions	(672)	(210)	–	–
Fair value adjustments arising from acquisition of businesses	(332)	(23)	–	–
Gross deferred tax liabilities	(4,974)	(4,328)	(540)	(661)
Net deferred tax assets	(380)	308	1,134	908

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. Deferred tax assets/(liabilities) (cont'd)

Recognised tax losses, capital allowance and donations

As at 31 December 2021, the Group has $3,687,000 (2020: $432,000) recognised tax losses available for offset against future taxable profits of the companies in which the losses arose. The use of the tax losses are subject to the agreement of the tax authorities and compliance with tax regulations of the respective countries in which the subsidiary companies operate. As at 31 December 2021, the tax losses have no expiry date. In 2020, $432,000 of the recognised tax losses will expire in 2022.

Unused tax losses for which no deferred tax asset is recognised

At the end of the reporting period, the Group has tax losses of approximately $41,282,000 (2020: $42,799,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2020: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has control over the distribution of the earnings and has determined that undistributed earnings of the subsidiaries will not be distributed in the foreseeable future.

Tax consequences of proposed dividends

There are no income tax consequences (2020: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

9. Contract assets and contract liabilities

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

	Group	
	2021 $'000	2020 $'000
Contract assets	72,336	61,432
Contract liabilities	(19,038)	(15,798)
	53,298	45,634

The Group has not recognised any impairment losses on receivables arising from contracts with customers for the year ended 31 December 2021 (2020: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. Contract assets and contract liabilities (cont'd)

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for project revenue. Contract assets are transferred to receivables when the rights become unconditional. Contract assets at the beginning of each of the financial years were substantially billed during the financial year.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for project revenue.

Contract liabilities are recognised as revenue as the Group performs under the contract. Contract liabilities at the beginning of each financial years were substantially recognised as revenue during the financial year.

10. Inventories

	Group	
	2021	**2020**
	$'000	**$'000**
Balance sheet:		
Spare parts	4,861	4,296
Trading goods	23,868	21,313
Inventories in transit	543	470
Total inventories at lower of cost and net realisable value	29,272	26,079
Income statement:		
Inventories recognised as an expense in profit or loss		
– Inventories recognised as an expense in cost of sales	221,651	238,135
– Allowance for stock obsolescence made during the year, net	295	249

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. Trade and other receivables

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current:				
Trade receivables	70,541	82,638	745	469
Other receivables	5,707	4,171	126	25
Accrued sales	18,037	20,020	–	–
Refundable deposits	2,057	1,671	142	142
Staff advances	39	60	–	–
GST receivables	216	271	–	–
Total trade and other receivables	96,597	108,831	1,013	636
Add:				
Amounts due from subsidiaries (Note 5)	–	–	144,493	143,764
Other investment (Note 6)	1,273	1,279	1,273	1,279
Cash and bank balances (Note 12)	46,510	52,525	2,128	3,286
Finance lease receivables (Note 24)	848	520	–	–
Less:				
GST receivables	(216)	(271)	–	–
Total financial assets carried at amortised cost	145,012	162,884	148,907	148,965

Trade receivables arise from contracts with customers and are non-interest bearing and are generally on 30-day to 120-day terms (2020: 30-day to 120-day terms). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other receivables denominated in foreign currencies other than functional currencies of respective entities at 31 December are as follows:

	Group	
	2021 $'000	2020 $'000
United States Dollars	4,305	2,067

None of the Company's trade and other receivables are denominated in foreign currencies.

Staff advances

Staff advances are unsecured and non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables and contract assets computed based on lifetime ECL are as follows:

	Group Trade receivables	
	2021	**2020**
	$'000	**$'000**
Movement in allowance accounts		
At 1 January	1,753	1,328
Charge for the year, net	23	691
Written off	(599)	(295)
Currency realignment	4	29
At 31 December	1,181	1,753

There is no expected credit loss made on the Company's trade receivables on 31 December 2020 and 31 December 2021.

12. Cash and bank balances

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Short-term deposits	2,466	2,402	–	–
Cash at banks and on hand	43,057	46,988	2,128	3,286
Restricted cash from acquisition of subsidiaries	987	3,135	–	–
	46,510	52,525	2,128	3,286

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 6 months and one year (2020: 6 months and one year) depending on the immediate cash requirements of the Group, and earn interest ranging from 0.02% to 4.90% (2020: 0.02% to 6.30%) per annum.

The fixed deposits qualify as cash equivalents because there is effectively no penalty for early withdrawal as the interest earned is substantially consistent with what the Group would have earned on a similar deposit type for a similar term of less than three months.

Cash and short-term deposits denominated in foreign currencies other than functional currencies of respective entities at 31 December are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollars	3,052	2,936	367	606
British Pounds Sterling	223	150	135	37
Australian Dollars	87	75	87	75
Euro	121	248	111	119
Singapore Dollars	32	26	–	–

Included in cash and bank balances are funds held in escrow amounting to $987,000 (2020: $3,135,000) which are not freely remissible for use by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. Trade payables and accruals

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current:				
Trade payables	33,411	32,940	54	64
Accruals	24,026	32,986	1,222	3,614
GST payables	1,669	2,162	2	38
	59,106	68,088	1,278	3,716
Non-current:				
Other liabilities	183	224	–	–
Total trade payables and accruals	59,289	68,312	1,278	3,716
Add:				
Amounts due to subsidiaries (Note 5)	–	–	48,896	38,278
Lease liabilities (Note 27)	23,565	24,525	2,959	3,549
Loans and borrowings (Note 14)	95,385	91,496	95,385	91,401
Less:				
GST payables	(1,669)	(2,162)	(2)	(38)
Total financial liabilities carried at amortised cost	176,570	182,171	148,516	136,906

Trade payables and accruals are non-interest bearing and are normally settled on 60-day terms (2020: 60-day terms).

Trade payables and accruals denominated in foreign currencies other than functional currencies of respective entities at 31 December are as follows:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
United States Dollars	5,419	2,350	76	85
British Pounds Sterlings	–	43	–	–
Australian Dollars	1	1	1	1
Euro	550	470	–	–
Singapore Dollars	14	1,934	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Loans and borrowings

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Short term trust receipts, unsecured				
– Singapore Dollars	54	95	54	–
Short term loans, unsecured				
– Singapore Dollars	3,000	30,754	3,000	30,754
– United States Dollars	32,695	13,154	32,695	13,154
– Australian Dollars	8,291	19,475	8,291	19,475
– Pound Sterling	3,854	1,524	3,854	1,524
	47,894	65,002	47,894	64,907
Long term loan, unsecured				
– Singapore Dollars	25,500	–	25,500	–
– United States Dollars	21,991	26,494	21,991	26,494
	47,491	26,494	47,491	26,494
Total loans and borrowings	95,385	91,496	95,385	91,401

The unsecured loans of the Company and the Group bear interest at 0.81% to 3.32% (2020: 0.82% to 3.32%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Loans and borrowings (cont'd)

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

	Group			
			Non-cash changes	
	2020	Cash flows	Foreign exchange movement	2021
	$'000	$'000	$'000	$'000
Loans and borrowings	91,496	3,276	613	95,385

	Group			
			Non-cash changes	
	2019	Cash flows	Foreign exchange movement	2020
	$'000	$'000	$'000	$'000
Loans and borrowings	103,140	(11,427)	(217)	91,496

15. Provision for warranties

	Group	
	2021	2020
	$'000	$'000
At 1 January	1,045	657
Currency realignment	(8)	34
Provision for warranties (reversed)/made, net	(288)	475
Provision utilised	(63)	(121)
At 31 December	686	1,045

Provision for warranties relates to estimated costs for possible rectification work during the warranty period of the Group's projects. The provision for such costs is based on estimates made from historical data associated with similar projects. Upon the expiry of the warranty period, the Group would proceed to write back any unused portion of the warranty provision.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. Share capital and treasury shares

(a) *Share Capital*

	Group and Company			
	2021		2020	
	No of shares '000	$'000	No of Shares '000	$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	516,068	98,542	516,068	98,542

The holders of ordinary shares except treasury shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

(b) *Treasury shares*

	Group and Company			
	2021		2020	
	No of shares '000	$'000	No of shares '000	$'000
At 1 January	(4,921)	(2,557)	(8,118)	(4,039)
Acquired during the financial year	(2,654)	(1,371)	–	–
Re-issuance of treasury shares	3,909	2,018	3,197	1,482
At 31 December	(3,666)	(1,910)	(4,921)	(2,557)

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

In 2021, the Company acquired 2,653,900 shares in the Company through purchase on the Singapore Exchange at a range of $0.50 to $0.52 per share. The total amount paid to acquire the shares was $1,371,000 and this was presented as a component within shareholders' equity. In 2020, the Company did not acquire shares in the Company.

The Company re-issued 3,909,000 (2020: 3,197,000) treasury shares pursuant to its Performance Shares Plan during the financial year at a weighted average price of $0.52 (2020: $0.46) each. The total fair value of the shares was $2,018,000 (2020: $1,482,000).

(c) *Share-based payment reserve*

Share-based payment reserve represents the equity-settled compensation under the CSE Performance Share Plan. The reserve is made up of the cumulative value of services received from employees that has vested during the year.

17. Other reserves

Other reserves comprised the differences in share prices resulting from the re-issuance of treasury shares $151,000 (2020: $234,000), fair value change on financial instrument ($492,000) (2020: ($1,328,000)) and premium paid on acquisition of non-controlling interests from the purchase of Transtel Arabia Limited Co and Transtel Engineering (M) Sdn Bhd of approximately $9,876,000 and ($32,000) (2020: $9,876,000 and ($32,000)) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. Foreign currency translation reserve

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

19. Revenue

(a) Disaggregation of revenue

Segments	Project revenue		Time and material revenue		Maintenance revenue		Equipment rental		Total revenue	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets										
Asia-Pacific	39,056	43,198	110,112	93,011	18,209	19,128	16,907	13,512	184,284	168,849
Americas	146,476	190,896	125,691	137,383	36	425	–	–	272,203	328,704
Europe/Middle East	2,434	2,144	4,284	995	638	664	4,818	1,433	12,174	5,236
	187,966	236,238	240,087	231,389	18,883	20,217	21,725	14,945	468,661	502,789
Timing of transfer of goods or services										
At a point in time	–	–	240,087	231,389	–	–	–	–	240,087	231,389
Over time	187,966	236,238	–	–	18,883	20,217	21,725	14,945	228,574	271,400
	187,966	236,238	240,087	231,389	18,883	20,217	21,725	14,945	468,661	502,789

(b) Recognition of project revenue over time

For the project revenue where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the projects. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the projects.

The determination of total budgeted costs, progress towards completion, variation orders and claims and remaining costs to completion for each contract requires significant management judgement and estimation. Management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar projects, analysed by different geographical areas for the past years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Other non-operating income

	Group	
	2021	**2020**
	$'000	**$'000**
Miscellaneous income	1,077	759
Foreign exchange gain, net	951	1,616
Gain on liquidation of a subsidiary	79	–
	2,107	2,375

21. Finance income

	Group	
	2021	**2020**
	$'000	**$'000**
Interest income from:		
– Short-term deposits	189	261
– Held-to-maturity investment	51	51
Unrealised fair value gain on financial instrument	295	–
	535	312

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. Finance costs

	Group	
	2021	**2020**
	$'000	**$'000**
Interest expense on bank loans	2,412	2,100
Unrealised fair value loss on financial instrument	–	915
Accretion of interest on lease liabilities	752	758
	3,164	3,773

23. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2021	**2020**
	$'000	**$'000**
Audit services paid to: -		
– Auditor of the Company		
– Annual audit	355	330
– Others	45	40
– Other auditors of subsidiaries	225	204
Non-audit services paid to:		
– Auditor of the Company	318	509
– Other auditors of subsidiaries	49	94
Depreciation of property, plant and equipment (Note 4)	10,676	9,335
(Gain)/loss on disposal of property, plant and equipment	(126)	54
Depreciation of right to use assets (Note 27)	5,813	5,839
Amortisation of intangible assets (Note 7)	3,994	3,954
Allowance for stock obsolescence made, net (Note 10)	295	249
Allowance for expected credit loss on trade receivables, net (Note 11)	23	691
(Writeback of provision)/provision for warranties made, net (Note 15)	(288)	475
Rental expenses for short-term leases	1,968	1,714
Personnel and related costs comprising:		
– Salaries and bonuses	51,757	47,931
– Share based compensation *	–	1,935
– Employees' provident fund	3,503	2,891
– Other personnel and related costs	10,979	12,984
– Directors' fees		
– Directors of the Company	537	523

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. Profit before tax (cont'd)

* Under the performance share plan, the Group awards the performance shares by taking into account the profitability of the year. No amount was recorded in the current financial year. In 2020, $1.94 million was recorded under the share payment reserve upon achieving the full year target.

Part of the Performance Shares awarded were subjected to a moratorium period of 0 to 3 years from the date of award against any disposal or sale and/or other dealings in the shares.

The Performance Shares were released to the Participants via the release of Treasury shares.

24. Finance lease receivables

The Group leases equipment to third parties under finance lease.

	Group	
	2021	**2020**
	$'000	**$'000**
Finance lease receivables		
Current	261	69
Non-current	587	451
Total finance lease receivables	848	520

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	Group	
	2021	**2020**
	$'000	**$'000**
Less than one year	319	91
One to two years	286	91
Two to three years	106	76
Three to four years	52	47
Four to five years	52	47
More than five years	140	232
Total undiscounted lease receivables	955	584
Unearned finance income	(107)	(64)
Total finance lease receivables	848	520

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. Income tax expense

The major components of income tax expense for the years ended 31 December are:

	Group	
	2021	**2020**
	$'000	**$'000**
Current income tax		
Current income taxation		
– Singapore	1,315	1,700
– Foreign	3,704	4,837
Over provision in respect of previous years	(822)	(722)
	4,197	5,815
Deferred income tax (credit)/expense		
Origination and reversal of temporary differences		
– Singapore	(347)	(7)
– Foreign	447	1,453
Under provision in respect of previous years	155	414
	255	1,860
Income tax expense	4,452	7,675
Withholding tax	128	149
Income tax expense	4,580	7,824
Income tax expense recognised in the statement of comprehensive income	4,580	7,824

A reconciliation between the tax expense and the product of accounting profit before tax multiplied by the applicable tax rate for the financial years ended 31 December can be analysed as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit before tax	19,632	35,824
Taxation at statutory tax rate of 17% (2020:17%)	3,337	6,090
Adjustments:		
Different effective tax rates of other countries	1,584	1,150
Expenses not deductible for tax purposes	839	1,241
Benefits from previously unrecognised tax losses	(420)	(248)
Income not subject to taxation	(297)	(686)
Effect of tax deductions and reliefs	(112)	(26)
Deferred tax assets not recognised	112	453
Over provision in respect of previous year	(667)	(308)
Withholding tax	129	149
Others	75	9
	4,580	7,824

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. Income tax expense (cont'd)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The statutory tax rate applicable to the companies incorporated in Singapore, United States of America and Australia were 17%, 21% and 30% respectively for year of assessment 2021 (2020: 17%, 21% and 30%).

26. Earnings per share

Basic earnings per share amounts are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2020	**2020**
	$'000	**$'000**
Profit for the year attributable to owners of the Company	15,003	28,004

	No. of shares*	
	2021	**2020**
	'000	**'000**
Weighted average number of shares for basic earnings per share computation:		
Outstanding during the year	511,147	507,950
Weighted effect of changes in treasury share	992	2,581
	512,139	510,531

Diluted earnings per share

The weighted average number of ordinary shares adjusted for the effect of all dilutive potential ordinary shares is determined as follows:

	No. of shares*	
	2021	**2020**
	'000	**'000**
Weighted average number of shares outstanding during the year, used in the computation of diluted earnings per share	516,068	516,068

* *Rounded to the nearest thousand.*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

27. Leases – As a leasee

The Group has entered into leases for buildings, tools & equipment, office furniture & fittings, computer equipment and motor vehicles. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension options, which are further discussed below.

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

Set out below the carrying amounts of right-to-use assets are recognised and the movements during the financial year:

Group	Buildings $'000	Tools and equipment $'000	Office furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
At 1 January 2020	12,901	187	130	132	487	13,837
Currency realignment	268	(9)	–	2	123	384
Additions	15,081	–	–	–	172	15,253
Write-off	(394)	–	–	–	–	(394)
Depreciation expenses	(5,272)	(144)	(47)	(93)	(283)	(5,839)
Reclassification	(14)	–	–	–	14	–
At 31 December 2020 and 1 January 2021	22,570	34	83	41	513	23,241
Currency realignment	139	–	1	–	(31)	109
Additions	4,342	–	7	93	115	4,557
Write-off	(454)	–	–	–	(2)	(456)
Depreciation expenses	(5,365)	(32)	(52)	(99)	(265)	(5,813)
Reclassification	(4)	–	4	–	–	–
At 31 December 2021	21,228	2	43	35	330	21,638
Remaining lease term (years)	1 – 9	1	1 – 4	1 – 3	1 – 4	NA

Company	Buildings $'000	Office furniture and fittings $'000	Total $'000
At 1 January 2020	3,419	73	3,492
Depreciation expenses	(533)	(34)	(567)
At 31 December 2020 and 1 January 2021	2,886	39	2,925
Depreciation expenses	(533)	(34)	(567)
At 31 December 2021	2,353	5	2,358
Remaining lease term (years)	5	–	NA

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

27. Leases – As a lease (cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:

	Group $'000	Company $'000
At 1 January 2020	15,022	4,038
Currency realignment	516	–
Additions	15,320	–
Write-off	(472)	–
Accretion of interest	779	107
Payments	(6,640)	(596)
At 31 December 2020 and 1 January 2021	24,525	3,549
Currency realignment	(17)	–
Additions	4,557	–
Write-off	(470)	–
Accretion of interest	797	93
Payments	(5,827)	(683)
At 31 December 2021	23,565	2,959

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current	5,317	4,797	631	568
Non-current	18,248	19,728	2,328	2,981
	23,565	24,525	2,959	3,549

Effective interest rates

The weighted average effective interest rate of the leases is 3.68% and 3.25% per annum (2020: 3.73% and 3.25%) at the balance sheet date for the Group and Company respectively.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Depreciation expense of right-of-use assets	5,813	5,839	567	567
Interest expense on lease liabilities	797	779	93	107
Expense relating to short-term leases (included in cost of sales and administrative expense)	1,968	1,714	35	37
Total amount recognised in profit or loss	8,578	8,332	695	711

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

27. Leases – As a lease (cont'd)

The Group had total cash outflows for leases of $7,795,000 in 2020 (2020: $8,354,000).

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

28. Derivative liability

	Group and Company			
	Notional amount		Liability	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Interest rate swap	33,833	33,118	(1,112)	(2,243)
Financial liability at fair value through profit or loss	33,833	33,118	(1,112)	(2,243)

Cash flow hedge

As at 31 December 2021, the Group has an interest rate swap agreement in place with a notional amount of $33,833,000 (2020: $33,118,000) whereby the Group receives a variable rate of interest and pay fixed interest rate on the notional amount. The swap is being used to hedge the exposure to changes in the market interest rate.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the variable rate loan (ie. Notional amount, maturity, payment). The Group has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the interest rate is identical to the hedged risk component.

Ineffectiveness is recognised on a cash flow hedge when the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

29. Segment information

For management purpose, the Group is organised into three operating segments based on their geographical locations, namely Asia Pacific, Americas and Europe/Middle East. The geographical segments are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Geographical segment information

The following table presents revenue, and adjusted profit/(loss) before interest and tax information regarding geographical segments for the years ended 31 December 2021 and 2020:

	Asia-Pacific*		Americas		Europe/Middle East		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	184,284	168,849	272,203	328,704	12,174	5,236	468,661	502,789
Profit before interest and tax	20,434	23,227	1,126	15,980	746	99	22,306	39,306

The following table presents non-current assets information regarding geographical segments at 31 December 2021 and 2020:

	Asia-Pacific*		Americas		Europe/Middle East		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets **	29,402	33,441	85,720	82,497	5,412	3,151	120,534	119,089

* *Projects in Asia-Pacific cover countries such as Singapore, China, Hong Kong, Taiwan, Korea, Japan, Thailand, Malaysia, Indonesia, Vietnam, and Australia.*

** *Non-current assets relate to property, plant and equipment and intangible assets.*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. Related party transactions

(a) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related companies took place at terms agreed between the parties during the financial year:

	Company	
	2021	**2020**
	$'000	**$'000**
Management fee received	3,806	7,630
Royalties/licensing/agency fees received	64	39
Interest received	683	694
Rental income received	704	659
Sales commission received	986	1,123
Dividend received	3,889	2,364
Interest paid	(641)	(585)

Related companies:

These are subsidiaries of CSE Global Limited.

(b) Compensation of directors and key management personnel

	Group	
	2021	**2020**
	$'000	**$'000**
Short-term employee benefits	4,554	5,546
Share based compensation	–	1,935
Central Provident Fund contributions	91	61
Directors fees	537	523
	5,182	8,065
Comprise amounts paid to:		
Directors of the Company	1,365	2,947
Other key management personnel	3,817	5,118
	5,182	8,065

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, cash and bank balances. The main purpose of these financial instruments is to finance the Group's operations. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors resolutions and banking mandates which define the permitted financial instruments and facilities limits, approved by the Board of Directors. All financial transactions require dual signatories. The Group has various other financial assets and liabilities such as trade receivables, trade payables, and lease liabilities which arise directly from its operations.

The Group is exposed to changes in market interest rate as the Group has floating interest rate borrowings. In order to minimise the adverse effects on the financial performance of the Group, derivative financial instruments, such as interest rate swap are used to hedge the interest rate risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar (SGD), United States Dollar (USD), British Pound (GBP), Euro (EUR), and Australia Dollar (AUD). Approximately 99% (2020: 99%) of the Group's sales and approximately 83% (2020: 83%) of costs including taxes are denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payables balances at the end of the reporting period have similar exposures with 92% (2020: 96%) and 86% (2020: 87%) denominated in their respective functional currencies.

The Group and the Company also hold cash and bank balances denominated in foreign currencies of respective entities for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD, GBP, EUR, AUD and SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as the currency positions in the respective countries are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a 1% (2020: 1%) change in the USD, GBP, AUD, EUR and SGD remain exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2021	**2020**
		Profit before tax	**Profit before tax**
		$'000	**$'000**
USD/SGD	Strengthened	(527)	(370)
	Weakened	527	370
GBP/SGD	Strengthened	(36)	(14)
	Weakened	36	14
AUD/SGD	Strengthened	(82)	(194)
	Weakened	82	194
EUR/SGD	Strengthened	(4)	(2)
	Weakened	4	2
SGD/USD	Strengthened	1	(19)
	Weakened	(1)	19

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and contract assets. For other financial assets (including other investment and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

In respect of credit risk arising from the inability of customers of the Group to make payments when their receivables fall due, it is the Group's policy to provide credit terms to creditworthy and reputable customers. These receivables are monitored on an ongoing basis to ensure that issues arising from non-collectability are minimised.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, 365 days past invoice date, which are derived based on the Group's historical information.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past invoice date. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(a) Debt securities at amortised cost

The Group uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Group compute expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data.

The Group uses the 12-month expected credit loss ("ECL") model to recognise the ECL provision for trade receivables, finance lease receivables and contract assets, and uses the lifetime ECL model to recognise ECL provision for loans and, interest and/or principal repayments that are 365 days past invoice date.

There are no significant changes to estimation techniques or assumptions made during the reporting period.

As at 31 December 2021, there is no loss allowance provision for debt securities at amortised cost. The gross carrying amount of debt securities at amortised cost, without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is $1,273,000 (2020: $1,279,000).

(b) Trade receivables, finance lease receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, finance lease receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2021 is determined as follows, the expected credit losses incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 11 and Note 9.

During the financial year, the Group wrote-off $599,000 (2020: $295,000) of trade receivables as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2021		2020	
	$'000	% of total	$'000	% of total
By geographical segments:				
Asia-Pacific	20,606	29	20,987	25
Americas	48,556	69	60,789	74
Europe/Middle East/Africa	1,379	2	862	1
Total	70,541	100	82,638	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group. Cash and bank balances and debt securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 and Note 6.

The Group has no significant concentration of credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to related companies and bank deposits.

The Company's loans at floating rate given to related parties form a natural hedge for its current floating rate bank loan. All of the Group's and Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2020: less than 6 months) from the balance sheet date.

In respect to the term loan, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

Managing interbank offered rates reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, to replace interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as "IBOR reform"). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Group holds interest rate swaps indexed to the USD LIBOR for risk management purposes which are designated in hedging relationships. The Group's exposure to USD LIBOR designated in hedging relationships has nominal amount of $33.8 million as at 31 December 2021, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's unsecured bank loan facilities maturing in 2024.

While the timing and the methods of transition of the IBORs are still uncertain, the Group anticipates that IBOR reform will impact its risk management and hedge accounting. The Group will be engaging with counterparties to include appropriate fall-back provisions for its affected derivative and to assess the impact of IBOR reform once there is clarity to the timing and methods of transition for the IBORs.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a 1% (2020: 1%) change in the interest rates with all other variables held constant on the Group's profit before tax.

		Group	
		2021	**2020**
		Profit before tax	**Profit before tax**
		$'000	**$'000**
SGD	Increase in 1% interest rate	(271)	(238)
	Decrease in 1% interest rate	271	238
USD	Increase in 1% interest rate	(526)	(377)
	Decrease in 1% interest rate	526	377
GBP	Increase in 1% interest rate	(37)	(14)
	Decrease in 1% interest rate	37	14
AUD	Increase in 1% interest rate	(82)	(194)
	Decrease in 1% interest rate	82	194

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks. At the end of the reporting period, 50% (2020: 70%) of the Group's loans and borrowings (Note 14) will mature in less than one year based on the carrying amount reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The tables below summarise the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	2021				2020			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Debt securities	51	1,398	–	1,449	51	1,449	–	1,500
Trade and other receivables	96,597	–	–	96,597	108,831	–	–	108,831
Finance lease receivables	319	496	140	955	91	261	232	584
Cash and bank balances	46,510	–	–	46,510	52,525	–	–	52,525
	143,477	1,894	140	145,511	161,498	1,710	232	163,440
Trade payables and accruals	59,106	183	–	59,289	68,088	224	–	68,312
Lease liabilities	5,734	16,853	1,485	24,072	5,580	17,550	3,786	26,916
Loans and borrowings	49,713	49,646	–	99,359	66,617	28,149	–	94,766
Derivative liability	–	1,112	–	1,112	–	2,243	–	2,243
	114,553	67,794	1,485	183,832	140,285	48,166	3,786	192,237
Add: GST payables, net	1,453	–	–	1,453	1,891	–	–	1,891
Total net undiscounted financial assets/(liabilities)	30,377	(65,900)	(1,345)	(36,868)	23,104	(46,456)	(3,554)	(26,906)

Company	2021				2020			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Debt securities	51	1,398	–	1,449	51	1,449	–	1,500
Trade and other receivables	1,013	–	–	1,013	636	–	–	636
Cash and bank balances	2,128	–	–	2,128	3,286	–	–	3,286
Amounts due from subsidiaries	144,493	–	–	144,493	143,186	591	–	143,777
	147,685	1,398	–	149,083	147,159	2,040	–	149,199
Trade payables and accruals	1,278	–	–	1,278	3,716	–	–	3,716
Lease liabilities	733	2,439	–	3,172	683	3,172	–	3,855
Loans and borrowings	49,713	49,646	–	99,359	66,520	28,149	–	94,669
Derivative liability	–	1,112	–	1,112	–	2,243	–	2,243
Amounts due to subsidiaries	48,896	–	–	48,896	38,278	–	–	38,278
	100,620	53,197	–	153,817	109,197	33,564	–	142,761
Add: GST payables, net	2	–	–	2	38	–	–	38
Total net undiscounted financial assets/(liabilities)	47,067	(51,799)	–	(4,732)	38,000	(31,524)	–	6,476

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. Fair value of assets and liabilities

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(a) Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date

(b) Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

(c) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement

The fair value of a financial asset or liability is the amount at which the asset or liability could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

	2021 $'000 Quoted prices in active markets for identical instruments (Level 1)	2021 $'000 Significant unobservable inputs other than quoted prices (Level 2)	2020 $'000 Quoted prices in active markets for identical instruments (Level 1)	2020 $'000 Significant unobservable inputs other than quoted prices (Level 2)
Fair value of financial instrument by classes that are not carried at fair value but for which fair value is disclosed				
Debt securities	1,273	–	1,279	–
Finance lease receivables	–	848	–	520
Assets and liabilities measured at fair value				
Derivative liability	–	(1,112)	–	(2,243)
At 31 December	1,273	(264)	1,279	(1,723)

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

<u>Derivatives</u>

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. Fair value of assets and liabilities (cont'd)

Financial instruments not measured at fair value, for which fair value is disclosed.

The fair values of financial assets which are not carried at fair values in the balance sheet as at 31 December 2021 are represented on the following table:

	2021			2020		
Group and Company	**Carrying amount $'000**	**Fair value $'000**	**Unrecognised gain $'000**	**Carrying amount $'000**	**Fair value $'000**	**Unrecognised gain $'000**
Debt securities (Note 6)	1,273	1,319	46	1,279	1,363	84
Finance lease receivables (Note 24)	848	934	86	520	593	73

The fair value of debt securities is determined by reference to their last quoted asking prices at the end of the reporting period.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade payables and accruals, lease liabilities and loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group monitors its monthly cash flows and also manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in objectives, policies and processes during the years ended 31 December 2021 and 31 December 2020.

34. Dividends

	Group and Company	
	2021 $'000	**2020 $'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2020: $0.015 per share	7,686	–
– Interim exempt (one-tier) dividend for 2021: $0.0125 per share	6,405	–
– Final exempt (one-tier) dividend for 2019: $0.015 per share	–	7,668
– Interim exempt (one-tier) dividend for 2020: $0.0125 per share	–	6,389
	14,091	14,057
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2021: $0.015 (2020: $0.015) per share	7,686	7,667
	7,686	7,667

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. Subsequent events

Subsequent to the reporting date as at 31 December 2021, the Group has completed the acquisition of 100% of the issued share capital in DTS.Solutions (U.K.) Ltd. ("DTS") and General Communications Pty Ltd ("GenCom") for a consideration of GBP 2.3 million (approximately S$4.2 million) and AUD 8.0 million (approximately S$7.8 million) respectively.

36. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 18 March 2022.

STATISTICS OF SHAREHOLDINGS

As at 14 March 2022

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	17	0.31	406	0.00
100 - 1,000	230	4.20	157,878	0.03
1,001 - 10,000	2,644	48.30	16,016,039	3.12
10,001 - 1,000,000	2,552	46.62	140,642,052	27.45
1,000,001 AND ABOVE	31	0.57	355,585,311	69.40
TOTAL	**5,474**	**100.00**	**512,401,686**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	68,279,291	13.33
2	ORCHID 3 INVESTMENTS VCC	65,055,361	12.70
3	ORCHID 2 INVESTMENTS PTE LTD	62,888,889	12.27
4	CITIBANK NOMINEES SINGAPORE PTE LTD	29,815,221	5.82
5	DBS NOMINEES (PRIVATE) LIMITED	21,388,471	4.17
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	16,621,105	3.24
7	HSBC (SINGAPORE) NOMINEES PTE LTD	15,110,460	2.95
8	IFAST FINANCIAL PTE. LTD.	13,642,600	2.66
9	WONG YON CHING	6,088,187	1.19
10	TEO KIT CHOON	5,731,187	1.12
11	PHILLIP SECURITIES PTE LTD	5,338,250	1.04
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,692,300	0.92
13	LIM BOON KHENG	4,406,192	0.86
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,239,300	0.83
15	CHENG HENG SENG	3,656,500	0.71
16	DBSN SERVICES PTE. LTD.	3,018,478	0.59
17	LIM & TAN SECURITIES PTE LTD	2,963,100	0.58
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,414,101	0.47
19	FOO SENG NGAN	2,100,000	0.41
20	WONG GHAN OR WONG SHI HAO	2,088,100	0.41
	TOTAL	**339,537,093**	**66.27**

STATISTICS OF SHAREHOLDINGS

As at 14 March 2022

Class of Shares	:	Ordinary share
Number of Issued Shares (excluding treasury shares)	:	512,401,686
Number/Percentage of Treasury Shares against total number of Issued Shares (excluding treasury shares)	:	3,666,166 (0.72%)
Voting rights	:	One vote per share

As at 14 March 2022, the Company did not hold any subsidiary holdings.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 14 MARCH 2022
(As recorded in the Register of Substantial Shareholders)

NAMES OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	%	DEEMED INTEREST	%
Orchid 3 Investments VCC	65,055,361	12.70	-	-
Orchid 2 Investments Pte. Ltd.	62,888,889	12.27	-	-
Heliconia Capital Management Pte. Ltd. [(1)]	-	-	127,944,250	24.97
Heliconia Holdings Pte. Ltd. [(1)]	-	-	127,944,250	24.97
65EP Investment I Pte. Ltd. [(2)]	-	-	127,944,250	24.97
65EP Investments Pte. Ltd. [(2)]	-	-	127,944,250	24.97
65 Equity Partners Group Pte. Ltd. [(2)]	-	-	127,944,250	24.97
65 Equity Partners Pte. Ltd. [(2)]	-	-	127,944,250	24.97
Thomson Capital Pte. Ltd. [(2)]	-	-	127,944,250	24.97
Tembusu Capital Pte. Ltd. [(2)]	-	-	127,944,250	24.97
Temasek Holdings (Private) Limited [(2)(3)]	-	-	127,944,250	24.97
Seletar Fund Investments Pte Ltd [(3)]	-	-	127,944,250	24.97
Fullerton Fund Investments Pte Ltd [(3)]	-	-	127,944,250	24.97
Fidelity Puritan Trust	42,317,858	8.26	-	-
Fidelity Management & Research Company LLC [(4)]	-	-	44,217,858	8.63
FMR LLC [(5)]	-	-	51,236,925	10.00
Abigail P. Johnson [(6)]	-	-	51,236,925	10.00

STATISTICS OF SHAREHOLDINGS

As at 14 March 2022

(1) Heliconia Capital Management Pte. Ltd. ("Heliconia Capital") has the authority to dispose of, or exercise control over the disposal of (i) the 62,888,889 shares held by Orchid 2 Investments Pte. Ltd. ("Orchid 2"); and (ii) the 65,055,361 shares held by Orchid 3 Investments VCC ("Orchid 3"), and as general partner of SME Co-Investment Fund II ("SME Fund II") and SME Co-Investment Fund III ("SME Fund III").

Heliconia Holdings Pte. Ltd. ("Heliconia Holdings") is the immediate holding company of Heliconia Capital.

Each of Heliconia Holdings and Heliconia Capital is deemed interested in the aggregate of 127,944,250 shares held by Orchid 2 and Orchid 3 under Section 4 of the Securities and Future Act (Cap. 289).

(2) 65EP Investment I Pte. Ltd. ("65 EP I"), 65EP Investments Pte. Ltd. ("65EP Investments"), 65 Equity Partners Group Pte. Ltd. ("65 EPG"), 65 Equity Partners Pte. Ltd. ("65 EPP"), Thomson Capital Pte. Ltd. ("Thomson"), Tembusu Capital Pte. Ltd. ("Tembusu") and Temasek Holdings (Private) Limited ("Temasek") are deemed interested in shares through Heliconia Capital and Heliconia Holdings as follows:

(i) Heliconia Capital has an interest in 24.969% of Shares held in aggregate by Orchid 2 and Orchid 3 pursuant to Section 4 of the Securities and Futures Act by virtue of its authority to dispose of, or exercise control over the disposal of the Shares held by Orchid 2 and Orchid 3, and as general partner of SME Fund II and SME Fund III.
(ii) Heliconia Capital is a wholly owned subsidiary of Heliconia Holdings.
(iii) Heliconia Holdings is a wholly owned subsidiary of 65 EP I.
(iv) 65 EP I is a wholly owned subsidiary of 65EP Investments.
(v) 65EP Investments is a wholly owned subsidiary of 65 EPG.
(vi) 65 EPG is a wholly owned subsidiary of 65 EPP.
(vii) 65 EPP is a wholly owned subsidiary of Thomson.
(viii) Thomson is a wholly owned subsidiary of Tembusu.
(ix) Tembusu is a wholly owned subsidiary of Temasek.

Heliconia Capital and Heliconia Holdings are independently managed Temasek portfolio companies.

(3) Seletar Fund Investments Pte Ltd ("Seletar") holds 50% of capital commitments in each of SME Fund II and SME Fund III. Pursuant to Regulation 13(3) of the Securities and Futures (Disclosure of Interests) Regulations 2012, Seletar is deemed to have an interest in 24.969% of Shares held in aggregate by Orchid 2 and Orchid 3.

Seletar is a wholly owned subsidiary of Fullerton Fund Investments Pte Ltd ("FFI").

FFI is a wholly owned subsidiary of Temasek.

(4) Fidelity Puritan Trust is interested in the shares of CSE Global Limited in its capacity as beneficial owner. Fidelity Management & Research Company LLC is deemed interested in the shares in its capacity as investment advisor of various funds and accounts, including certain funds of Fidelity Puritan Trust.

(5) FMR LLC is deemed to have interest in the securities of CSE Global Limited because such securities are held by funds and/or accounts managed by one or more FMR LLC's direct and indirect subsidiaries, which are fund managers. Fidelity Management & Research Company LLC is a wholly-owned subsidiary of FMR LLC.

(6) Abigail P. Johnson is deemed to have interest in the securities of CSE Global Limited because she is entitled to exercise or control the exercise of 20% or more of the voting power over FMR LLC.

Note: The above percentages are calculated based on the Company's issued share capital (excluding treasury shares) of 512,401,686 shares as at 14 March 2022.

PUBLIC FLOAT

As at 14 March 2022, 61.19% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of CSE Global Limited ("**the Company**") will be convened and held by way of electronic means on Wednesday, 20 April 2022 at 2.30 p.m. (Singapore time, via "live" audio-visual webcast or "live" audio-only feed) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Auditors' Report thereon.

(Resolution 1)

2. To declare a final (one-tier tax exempt) dividend of 1.5 Singapore cents per ordinary share for the year ended 31 December 2021 (2020: A final dividend (one-tier tax exempt) of 1.5 Singapore cents per ordinary share).

(Resolution 2)

3(a). To re-elect the following Directors of the Company retiring pursuant to Regulation 91 of the Company's Constitution:

(i)	Mr Lim Boon Kheng	[Retiring under Regulation 91]	**(Resolution 3)**
(ii)	Dr Lee Kong Ting	[Retiring under Regulation 91]	**(Resolution 4)**
(iii)	Mr Tan Chian Khong	[Retiring under Regulation 91]	**(Resolution 5)**

[See Explanatory Note (i)]

3(b). To note the retirement of Mr Tan Hien Meng, pursuant to Regulation 91 of the Constitution of the Company, at the conclusion of this Annual General Meeting.
[See Explanatory Note (ii)]

4. To approve the payment of Directors' fees of S$536,930 for the year ended 31 December 2021 (2020: S$523,161).
[See Explanatory Note (iii)]

(Resolution 6)

5. To re-appoint Ernst & Young LLP as the 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 resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares**

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

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

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

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

NOTICE OF 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) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 any convertible securities;

(b) new shares arising from the exercise of share options or vesting of share awards, provided the options and awards were granted in compliance with the Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of shares,

provided such adjustments in sub-paragraphs (2)(a) and (b) above are made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

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

(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 earlier.
[See Explanatory Note (iv)]

(Resolution 8)

8. **Proposed renewal of Share Purchase Mandate**

That:

(a) for the purposes of Sections 76C and 76E of Companies Act 1967 (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (defined below), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (defined below), whether by way of:

(i) on-market purchases transacted on the SGX-ST through the SGX-ST trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed and quoted ("**On-Market Share Purchase**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as defined in Section 76C of the Companies Act, which scheme(s) shall satisfy all conditions prescribed by the Companies Act and the Listing Manual ("**Off-Market Share Purchases**");

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Purchase Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution relating to the Share Purchase Mandate and expiring on:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held, whichever is earlier;

(ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting; or

(iii) the date on which the Share Purchase is carried out to the full extent mandated, whichever is the earliest;

(c) in this resolution relating to the Share Purchase Mandate:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the day on which the purchase or acquisition of Shares was made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs during the relevant five (5) Market Days and the day on which the purchases are made;

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

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase pursuant to an equal access scheme, 120% of the Average Closing Price;

"**Prescribed Limit**" means that number of Shares representing not more than five per cent. (5%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the resolution passed in relation to the Share Purchase Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered after such capital reduction (excluding any treasury shares and subsidiary holdings as may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the resolution passed in relation to the Share Purchase Mandate and expiring on the date on which the next Annual General Meeting of the Company is or is required by law to be held, whichever is earlier;

(d) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company; either be cancelled or held in treasury and dealt with in accordance with the Companies Act; and

NOTICE OF ANNUAL GENERAL MEETING

(e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated authorised by this resolution relating to the Share Purchase Mandate. [See Explanatory Note (v)]

(Resolution 9)

By Order of the Board

Chester Leong
Company Secretary
Singapore, 5 April 2022

Explanatory Notes:

(i) Resolutions 3, 4, and 5 – Detailed information about Directors of the Company can be found in the "Board of Directors" section of the Company's Annual Report, including their current directorships in other listed companies and other principal commitments held. Please also refer to the section titled "Additional Information on Directors Seeking Election/Re-Election" appended to this Notice of Annual General Meeting for additional information on the retiring Directors.

Mr Lim Boon Kheng will, upon re-election as a Director of the Company, remain as a member of the Investment Committee.

Dr Lee Kong Ting will, upon re-election as a Director of the Company, remain as a member of the Audit and Risk and Compensation Committees, and will be considered independent.

Mr Tan Chian Khong will, upon re-election as a Director of the Company, remain as the Chairman of the Audit and Risk Committee and a member of the Nominating Committee, and will be considered independent.

(ii) Mr Tan Hien Meng, upon his retirement as a Director of the Company, will also cease to be a member of the Audit and Risk Committee.

(iii) Resolution 6 is to facilitate the payment of Directors' Fees to Non-Executive Directors for the financial year ended 31 December 2021. The amount is computed based on the Director's fees framework as disclosed on page 40 in the Corporate Governance Report.

(iv) Resolution 8, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 (a) the conversion or exercise of any convertible securities; (b) share options or vesting of share awards, provided the options and awards were granted in compliance with the Listing Manual; and (c) any subsequent bonus issue, consolidation or subdivision of shares, provided such adjustments in sub-paragraphs (a) and (b) above are made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution.

(v) Resolution 9, if passed, will empower the Directors, from the date of this Annual General Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier, unless such authority is varied or revoked by the Company in general meeting, to purchase or acquire Shares up to the Prescribed Limit, at prices up to but not exceeding the Maximum Price, as at the date of the passing of this Ordinary Resolution. The source of funds to be used for the purchase or acquisition of Shares including the amount of financing and its impact on the Company's financial position are set out in Sections 2.6 and 2.7 of the Appendix dated 5 April 2022.

NOTICE OF ANNUAL GENERAL MEETING

Important Notes:

1. **Pre-Registration:**

The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Company's announcement dated 5 April 2022 which has been uploaded together with this Notice of AGM on SGXNet and the Company's website on the same day. The announcement and this Notice of AGM may also be accessed at the URL http://cseglobal.listedcompany.com/agm_egm.html.

A member will be able to participate at the AGM by watching the AGM proceedings via a "live" audio-visual webcast via mobile phones, tablets or computers or listening to the proceedings through a "live" audio-only feed via telephone. In order to do so, a member must pre-register by **2.30 p.m. on 17 April 2022** ("**Pre-Registration Deadline**"), at the URL http://www.cse-global.com/agm2022 for the Company to authenticate his/her/its status as members. Authenticated members will receive email instructions on how to access the "live" audio-visual webcast and "live" audio-only feed of the proceedings of the AGM ("**Confirmation Email**") by **12.00 p.m. (noon) on 19 April 2022**.

Members who do not receive the Confirmation Email by **12.00 p.m. (noon) on 19 April 2022**, but have registered by Pre-Registration Deadline, should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at +65 62309586 or +65 62309580, or srs.teamd@boardroomlimited.com.

Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001) and wish to watch the "live" audio-visual webcast or listen to the "live" audio-only feed of the AGM must approach their respective depository agents to pre-register by **5.00 p.m. on 7 April 2022** in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

2. **Submission of Questions:**

A member who pre-registers to watch the "live" audio-visual webcast or listen to the "live" audio-only feed may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by **5.00 pm on 12 April 2022 ("Question Submission Deadline")**:

(a) via the pre-registration website at the URL http://www.cse-global.com/agm2022;

(b) in hard copy by post to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue. #14-07 Keppel Bay Tower, Singapore 098632; or

(c) by email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.teamd@boardroomlimited.com.

The Company will release the announcement on the responses to the questions submitted by shareholders via SGXNet and on our corporate website **after market closes on 14 April 2022**.

3. **Submission of Proxy Form:**

A member will not be able to vote through the "live" audio-visual webcast or "live" audio-only feed and voting is only through submission of proxy form. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. The proxy form for the AGM can be accessed at the Company's website at the URL http://cseglobal.listedcompany.com/agm_egm.html, and is made available with this Notice of AGM on SGXNet on the same day.

NOTICE OF ANNUAL GENERAL MEETING

Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by **5.00 p.m. on 7 April 2022** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by **2.30 p.m. on 17 April 2022**.

In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

The Chairman of the Meeting, as a proxy, need not be a member of the Company.

The instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**") must be submitted to the Company in the following manner:

(a) if in hard copy by post, be lodged at Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue. #14-07 Keppel Bay Tower, Singapore 098632; or

(b) if by email, be received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.teamd@boardroomlimited.com.

in either case, no later than **2.30 p.m. on 17 April 2022** (the "**Proxy Deadline**").

A member who wishes to submit an instrument of proxy must first **download, complete and sign the Proxy Form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures, members are strongly encouraged to submit completed Proxy Forms electronically via email.

The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

The Company shall be entitled to reject the Proxy Form 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 Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one Proxy Form).

In the case of a member whose Shares are entered against his/her name in the depository register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such member 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

NOTICE OF ANNUAL GENERAL MEETING

4. **Annual Report and other documents**

The Annual Report for the financial year ended 31 December 2021 ("**FY2021 Annual Report**") made available on 5 April 2022 can be accessed via SGXNet and the Company's website at the URL http://cseglobal.listedcompany.com/ar.html.

The following documents are also made available to members on 5 April 2022 together with this Notice of AGM via SGXNet and the Company's website at the URL http://cseglobal.listedcompany.com/agm_egm.html/year/-1:

(a) Appendix to the Notice of AGM dated 5 April 2022 in relation to the Proposed Renewal of the Share Purchase Mandate;

(b) AGM Proxy Form; and

(c) Request form for printed copy of the FY2021 Annual Report

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service provider) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST ON DIRECTORS SEEKING FOR RE-ELECTION

Mr Lim Boon Kheng, Dr Lee Kong Ting and Mr Tan Chian Khong are the retiring Directors who are seeking re-election at the forthcoming Annual General Meeting to be convened on 20 April 2022 under Ordinary Resolutions 3 to 5. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the Directors, in accordance with Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below.,

	Lim Boon Kheng	**Dr. Lee Kong Ting**	**Tan Chian Khong**
Date of Appointment	13 August 2013	1 February 2017	19 February 2019
Date of last re-appointment (if applicable)	18 April 2019	27 May 2020	18 April 2019
Age	55	74	65
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this re-appointment	The Board has considered the Nominating Committee's recommendation and assessment of Mr Lim Boon Kheng's qualifications, experience and commitment in the discharge of his duties as a Group Managing Director, inter alia and is satisfied that he will continue to contribute to the Board.	The Board has considered the Nominating Committee's recommendation and assessment of Dr Lee Kong Ting's independence and commitment in the discharge of his duties as a Director, inter alia and is satisfied that he will continue to contribute to the Board.	The Board has considered the Nominating Committee's recommendation and assessment of Mr Tan Chian Khong's independence and commitment in the discharge of his duties as a Director, inter alia and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director; and Group Managing Director/ Chief Executive Officer	Independent Director, Member of Audit and Risk Committee and Compensation Committee	Independent Director, Chairman of Audit and Risk Committee, and Member of Nominating Committee
Professional qualifications	Please refer to the section of the Company's Annual Report titled "Board of Directors" for further details.		
Working experience and occupation(s) during the past 10 years			
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest: 4,406,192 shares Deemed Interest: 8,772,500 shares	Nil	Deemed Interest: 50,000 shares

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST ON DIRECTORS SEEKING FOR RE-ELECTION

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer – Yes / No	Yes	Yes	Yes
Other Principal Commitments including Directorships Past (for the last 5 years) Present	Please refer to the section of the Company's Annual Report titled "Board of Directors" for further details.		
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative Confirmation for each of Mr Lim Boon Kheng, Dr Lee Kong Ting and Mr Tan Chian Khong.		

This page has been intentionally left blank.

CSE GLOBAL LIMITED
(Company Registration No. 198703851D)
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URL http://cseglobal.listedcompany.com/agm_egm.html.

A printed copy of this form of proxy will be despatched to members.

IMPORTANT

1. **The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to (i) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.**
2. **Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM and the Company's announcement dated 5 April 2022 which has been uploaded together with Notice of AGM on SGXNet and Company's website on the same day. This announcement may also be accessed at the URL http://cseglobal.listedcompany.com/agm_egm.html.**
3. **A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.**
4. **Members who hold shares through the relevant intermediaries as defined in Section 181 of Companies Act 1967 (including CPF or SRS investors) and who wish to appoint the Chairman of the Meeting as proxy should approach their respective relevant intermediary (including CPF Agent Banks or SRS Operators) to submit their votes by 5.00 p.m. on 7 April 2022.**
5. **By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 April 2022.**
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.**

I/We, ______________________________ NRIC/Passport/Co. Reg. No. ____________________

of ____ (Address)

being a member/members of CSE Global Limited (the "**Company**"), hereby appoint:

the **Chairman of the Meeting**, as my/our proxy to vote for me/us on my/our behalf at the AGM (the "**Meeting**") of the Company to be held by way of electronic means on **Wednesday, 20 April 2022 at 2.30 p.m**. (Singapore time, via "live" audio-visual webcast or "live" audio-only feed) and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "✔" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "✔" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. **In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid)**

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2021			
2	Payment of a proposed final one-tier tax exempt dividend			
3	Re-election of Mr Lim Boon Kheng as Director			
4	Re-election of Dr Lee Kong Ting as Director			
5	Re-election of Mr Tan Chian Khong as Director			
6	Approval of Directors' fees amounting to S$536,930			
7	Re-appointment of Ernst & Young LLP as Auditors			
8	Authority to issue new shares			
9	Proposed renewal of the Share Purchase Mandate			

Dated this ____________ day of ______________ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTED OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. **A member will not be able to vote through the "live" audio-visual webcast or "live" audio-only stream, and voting is only through submission of proxy form. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM**. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. The Chairman of the Meeting, as a proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**") must be submitted to the Company in the following manner:

   (a) if in hard copy by post, be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue. #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if by email, be received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at srs.teamd@boardroomlimited.com,

   in either case, no later than **2.30 p.m. on 17 April 2022** (the "**Proxy Deadline**").

   A member who wishes to submit a Proxy Form must first **download, complete and sign the Proxy Form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measure, members are strongly encouraged to submit completed Proxy Forms electronically via email.

5. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

   Where the Proxy Form is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the Proxy Form under hand and submitting a scanned copy of the signed Proxy Form by email.

   Where a Proxy Form is signed or, as the case may be, authorised 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 the Proxy Form, failing which the Proxy Form may be treated as invalid.

6. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one Proxy Form). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2022.

CSE GLOBAL LIMITED
202 Bedok South Avenue 1
#01-21, Singapore 469332

Tel: (65) 6512 0333
Fax: (65) 6742 9179
Web: www.cse-global.com

Reg No. 198703851D