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FEDERAL INTERNATIONAL (2000) LTD

Incorporated in the Republic of Singapore

Registration No. 199907113K

**Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024**

14 August 2024

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

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	Note	Group		
		6 Months Ended		Changes
		30.06.2024	30.06.2023	
		S\$'000	S\$'000	%
INCOME STATEMENT				
Revenue	5	24,366	28,678	(15.0)
Cost of sales		(18,023)	(20,763)	(13.2)
Gross profit		6,343	7,915	(19.9)
Gross profit margin		26.0%	27.6%	
Other income	6	5,492	806	N.M.
Selling and distribution costs		(2,327)	(2,508)	(7.2)
Administrative and general costs		(3,899)	(3,718)	4.9
Other operating expenses	6	(112)	(265)	(57.7)
Net (impairment loss)/writeback of impairment loss on financial assets	6	(1,116)	32	N.M.
Finance costs	6	(305)	(456)	(33.1)
Share of results of associates		(339)	181	N.M.
Profit before tax	6	3,737	1,987	88.1
Income tax expense	7	(389)	(301)	29.2
Profit net of tax		3,348	1,686	98.6
Attributable to:				
Owners of the Company		3,247	(3,684)	(188.1)
Non-controlling interests		101	5,370	(98.1)
		3,348	1,686	98.6
Earnings/(Loss) per share attributable to owners of the Company (cents per share)	8			
Basic		2.31	(2.62)	
Diluted		2.31	(2.62)	

N.M. – Not Meaningful

	Group		
	6 Months Ended		Changes
	30.06.2024	30.06.2023	
	S\$'000	S\$'000	%
Profit net of tax	3,348	1,686	98.6
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss			
Foreign currency translation	(94)	44	N.M.
Fair value loss of equity investment – financial assets at fair value through other comprehensive income (“FVOCI”) (Note 14)	(3,572)	–	N.M.
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation	177	177	–
Share of other comprehensive income/(loss) of associates	104	(42)	N.M.
Foreign currency translation on loss of control of disposal group classified as held for sale and a subsidiary	(94)	–	N.M.
Other comprehensive (loss)/income for the period, net of tax	(3,479)	179	N.M.
Total comprehensive (loss)/income for the period	(131)	1,865	(107.0)
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(138)	(3,549)	(96.1)
Non-controlling interests	7	5,414	(99.9)
	(131)	1,865	(107.0)

N.M. – Not Meaningful

	Note	Group		Company	
		As At 30.06.2024	As At 31.12.2023	As At 30.06.2024	As At 31.12.2023
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment	10	9,463	9,768	6	7
Right-of-use assets		2,047	2,147	—	—
Investment in subsidiaries	11	—	—	56,954	57,282
Investment in associates	12	6,948	7,183	2,915	3,545
Intangible assets	13	204	272	—	—
Financial assets at FVOCI	14	5,136	8,708	5,136	8,708
Other receivables		900	—	900	—
Amount due from subsidiary		—	—	—	900
Deferred tax assets		948	982	—	—
		25,646	29,060	65,911	70,442
Current assets					
Inventories		8,232	12,948	—	—
Trade receivables	15	12,310	11,772	—	—
Other receivables		1,530	779	1,060	—
Advance payment to suppliers		721	65	—	—
Prepayments		253	174	13	12
Deposits		19	34	4	4
Amounts due from subsidiaries		—	—	2,225	3,764
Amounts due from associates	16	18,077	17,937	168	164
Fixed and bank deposits		7,210	7,000	—	—
Cash and bank balances		6,396	8,932	398	1,401
		54,748	59,641	3,868	5,345
Assets of disposal group and assets classified as held for sale	17	—	4,962	—	—
		54,748	64,603	3,868	5,345
Current liabilities					
Trade payables		2,971	6,429	—	—
Other payables		2,798	4,368	522	742
Contract liabilities		1,014	503	—	—
Amounts due to subsidiaries		—	—	—	853
Amounts due to banks	18	3,177	6,335	—	—
Term loans	18	1,052	1,133	—	—
Lease liabilities		168	175	—	—
Provision for taxation		366	20	—	—
		11,546	18,963	522	1,595
Liabilities directly associated with disposal group held for sale	17	—	6,913	—	—
		11,546	25,876	522	1,595
Net current assets		43,202	38,727	3,346	3,750
Non-current liabilities					
Amounts due to subsidiaries		—	—	1,995	3,550
Term loans	18	—	482	—	—
Provision for post-employment benefits		151	156	—	—
Lease liabilities		2,133	2,207	—	—
Deferred tax liabilities		1,301	1,300	118	118
		3,585	4,145	2,113	3,668
Net assets		65,263	63,642	67,144	70,524

	Note	Group		Company	
		As At 30.06.2024	As At 31.12.2023	As At 30.06.2024	As At 31.12.2023
		S\$'000	S\$'000	S\$'000	S\$'000
Equity					
Share capital	19	144,099	144,099	144,099	144,099
Treasury shares	19	(25)	(25)	(25)	(25)
Foreign currency translation reserve		(1,773)	(2,058)	—	—
Capital reserve		5	5	—	—
Revaluation reserve		7,723	7,723	—	—
Reserves of disposal group classified as held for sale	17	—	385	—	—
Other reserves		(5,187)	(1,615)	(3,924)	(352)
Accumulated losses		(78,463)	(81,997)	(73,006)	(73,198)
Equity attributable to owners of the Company		66,379	66,517	67,144	70,524
Non-controlling interests		(1,116)	(2,875)	—	—
Total equity		65,263	63,642	67,144	70,524

Federal International (2000) Ltd and its Subsidiaries
Condensed Interim Statements of Changes in Equity

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GROUP

	Attributable to owners of the Company										
	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Revaluation reserve S\$'000	Reserves of disposal group classified as held for sale S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 01.01.2024	144,099	(25)	(2,058)	5	7,723	385	(1,615)	(81,997)	66,517	(2,875)	63,642
Profit net of tax	—	—	—	—	—	—	—	3,247	3,247	101	3,348
Other comprehensive income/(loss):											
Items that will not be reclassified subsequently to profit or loss:											
Foreign currency translation	—	—	—	—	—	—	—	—	—	(94)	(94)
Fair value loss of equity investment – financial assets at FVOCI	—	—	—	—	—	—	(3,572)	—	(3,572)	—	(3,572)
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	—	—	242	—	—	(65)	—	—	177	—	177
Share of other comprehensive income of associates	—	—	104	—	—	—	—	—	104	—	104
Foreign currency translation on loss of control of disposal group classified as held for sale and a subsidiary	—	—	(61)	—	—	(33)	—	—	(94)	—	(94)
Total comprehensive income/(loss) for the period	—	—	285	—	—	(98)	(3,572)	3,247	(138)	7	(131)
Reserve transferred to accumulated losses on loss of control of disposal group classified as held for sale	—	—	—	—	—	(287)	—	287	—	—	—
Disposal of non-controlling interest in disposal group classified as held for sale	—	—	—	—	—	—	—	—	—	1,752	1,752
Balance at 30.06.2024	144,099	(25)	(1,773)	5	7,723	—	(5,187)	(78,463)	66,379	(1,116)	65,263
Balance at 01.01.2023	144,099	(25)	(1,885)	5	7,363	12,290	(1,133)	(76,298)	84,416	(19,161)	65,255
Loss net of tax	—	—	—	—	—	—	—	(3,684)	(3,684)	5,370	1,686
Other comprehensive income/(loss):											
Items that will not be reclassified subsequently to profit or loss:											
Foreign currency translation	—	—	—	—	—	—	—	—	—	44	44
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	—	—	177	—	—	—	—	—	177	—	177
Share of other comprehensive loss of associates	—	—	(42)	—	—	—	—	—	(42)	—	(42)
Total comprehensive income/(loss) for the period	—	—	135	—	—	—	—	(3,684)	(3,549)	5,414	1,865
Reserve transferred to accumulated losses on disposal of assets classified as held for sale	—	—	—	—	—	(12,290)	—	12,290	—	—	—
Balance at 30.06.2023	144,099	(25)	(1,750)	5	7,363	—	(1,133)	(67,692)	80,867	(13,747)	67,120

Company	Share capital	Treasury shares	Other reserves	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01.01.2024	144,099	(25)	(352)	(73,198)	70,524
Profit net of tax	—	—	—	192	192
Other comprehensive loss: <i>Items that will not be reclassified subsequently to profit or loss:</i>					
Fair value loss of equity investment – financial assets at FVOCI	—	—	(3,572)	—	(3,572)
Total comprehensive income/(loss) for the period	—	—	(3,572)	192	(3,380)
Balance at 30.06.2024	144,099	(25)	(3,924)	(73,006)	67,144
Balance at 01.01.2023	144,099	(25)	(157)	(72,013)	71,904
Loss net of tax	—	—	—	(134)	(134)
Total comprehensive loss for the period	—	—	—	(134)	(134)
Balance at 30.06.2023	144,099	(25)	(157)	(72,147)	71,770

	Group	
	For 6 Months Ended	
	30.06.2024	30.06.2023
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before tax	3,737	1,987
<u>Adjustments for:</u>		
Allowance for slow moving inventories	106	221
Amortisation of intangible assets	68	68
Depreciation of property, plant and equipment	334	809
Depreciation of right-of-use assets	101	93
Dividend income	(169)	—
Gain on disposal of assets of disposal group and assets classified as held for sale	(4,520)	(64)
Gain on disposal of a subsidiary	(61)	—
Loss/(gain) on disposal of property, plant and equipment, net	2	(1)
Impairment loss on trade receivables	1,337	37
Implicit interest income	—	(2)
Interest expense	305	456
Interest income	(109)	(77)
Share of results of associates	339	(181)
Writeback of impairment loss on trade receivables	(221)	(69)
Foreign currency exchange gain	(18)	(23)
Operating cash flows before changes in working capital	1,231	3,254
<u>Decrease/(increase) in:</u>		
Inventories	4,490	5,820
Trade and other receivables	(1,072)	540
Advance payment to suppliers	(646)	85
Prepayments	(82)	(1)
Deposits	15	(5)
Amounts due from associates	(185)	(2)
<u>Increase/(decrease) in:</u>		
Trade and other payables	(3,154)	(5,430)
Contract liabilities	178	(1,253)
Amounts due to related parties	(8)	(3)
Provision for post-employment benefits	(5)	(3)
Cash generated from operations	762	3,002
Income taxes paid	(8)	(232)
Interest income received	—	188
Net cash generated from operating activities	754	2,958
Cash flows from investing activities:		
Dividend income received, net of tax	135	—
Interest income received	212	3
Net cash outflow on disposal of assets of disposal group classified as held for sale [Note 17(b)]	(616)	—
Proceeds from disposal of assets classified as held for sale	—	20,830
Proceeds from disposal of property, plant and equipment	3	1
Purchase of property, plant and equipment	(31)	(42)
Repayment of loan from associate	—	1,396
Repayment of loan from investee company	—	218
Settlement Amount received pursuant to Deed of Settlement ⁽¹⁾	500	—
Net cash generated from investing activities	203	22,406

	Group	
	For 6 Months Ended	
	30.06.2024	30.06.2023
	S\$'000	S\$'000
Cash flows from financing activities:		
Interest expense paid	(301)	(507)
Interest expense paid to a related party	(31)	(19)
Additions to amount due to a related party	—	1,053
Repayments of amount due to a related party	(189)	(307)
Decrease/(increase) in pledged deposits	58	(7,128)
Repayments of bank overdrafts	—	(3,064)
Drawdown of term loans	—	58
Repayments of term loans	(562)	(4,366)
Drawdown of trust receipts	7,650	5,832
Repayments of trust receipts	(10,926)	(17,544)
Repayments of lease liabilities - principal	(81)	(72)
Repayments of lease liabilities - interest	(64)	(66)
Net cash used in financing activities	(4,446)	(26,130)
Net decrease in cash and cash equivalents	(3,489)	(766)
Effect of exchange rate changes on cash and cash equivalents	136	30
Cash and cash equivalents at beginning of period	9,933	7,543
Cash and cash equivalents at end of the period	6,580	6,807

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of financial period:

	Group	
	6 Months Ended	
	30.06.2024	30.06.2023
	S\$'000	S\$'000
Cash and cash equivalents at the end of the period:		
Cash and bank balances and fixed and bank deposits	13,606	13,961
Less: Bank balances and deposits pledged	(7,026)	(7,154)
Cash and cash equivalents	6,580	6,807

Note:

- (1) On 29 January 2024, the Company received S\$500,000 from George Deng (“GD”) in relation to the first tranche of the Settlement Amount (refer to the Company’s announcement dated 1 February 2024: Update on Federal Environmental & Energy Pte Ltd and Federal International (Shanghai) Co. Ltd).

1. Corporate information

Federal International (2000) Ltd (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the mainboard of Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the “**Group**”).

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar (“**S\$**”) which is the Company’s functional currency and all values in the tables are rounded to the nearest thousand (**S\$’000**) as indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group does not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The adoption of the new standards that are effective on 1 January 2024 did not result in any substantial change to the Group’s and the Company’s accounting policies or have any significant impact on the condensed interim financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The critical judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four (31 December 2023: six) reportable operating segments as follows:

- I. Trading segment is a supply of assembly and distribution of flowline control products, distribution of oilfield drilling equipment for use on onshore and offshore rigs and drilling platforms, provision of complete fire protection and detection systems, as well as electrical products for the marine, coal mining, oil and gas, petrochemical and pharmaceutical industries. In these respects, the Group offers products and related services in the areas of oil and gas, power, petrochemical and pharmaceutical industries.
- II. Manufacturing/Design/Research and Development segment is involved in research, development, design and manufacture of flowline control products, high pressure and temperature valves and related oilfield products.
- III. Marine Logistics segment is in the business of chartering of vessels to the offshore oil and gas and other related industries.
- IV. Corporate and Others segment is involved in Group level corporate services and treasury functions and others including:
 - (a) operating and maintenance of oil and gas facility services;
 - (b) procurement and construction projects of wastewater treatment facility and provision of wastewater treatment services to the end-users.

Geographical Information

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. Others include countries such as Malaysia, Philippines, United States of America, etc.

Non-current assets consist of property, plant and equipment, right-of-use assets, investment in associates and intangible asset as presented in the Group's statement of financial positions.

4.1 Business segments

[illegible]

4.1 Business segments (cont'd)

[illegible]

4. Segment information (cont'd)

4.2 Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

Analysis by Geographical Segments	Revenue		Non-current Assets	
	6 Months Ended			
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	S\$'000	S\$'000	S\$'000	S\$'000
Indonesia	1,464	4,338	5,553	3,596
Japan	—	16	1,429	1,360
People's Republic of China	754	5,568	—	12
Singapore	4,761	5,966	11,452	11,885
Thailand	11,392	10,497	—	—
United Kingdom	86	201	228	301
Vietnam	3,630	10	—	—
Others ⁽¹⁾	2,279	2,082	—	—
	24,366	28,678	18,662	17,154

Note:

(1) Others include countries such as Malaysia, Philippines, United States of America, etc.

5. Revenue

	Group 6 Months Ended	
	30.06.2024	30.06.2023
	S\$'000	S\$'000
<u>Point in time</u>		
Sale of products ⁽¹⁾	21,227	27,148
<u>Overtime</u>		
Charter income from land drilling rig	—	1,003
Service concession income	69	213
Provision of wastewater treatment services	172	314
Rental of equipment ⁽²⁾	2,898	—
	24,366	28,678

Notes:

(1) Sale of products include trading of flowline control products, fire detection and protection systems and environmental protection systems.

(2) Rental of equipment include sourcing of equipment for short duration onward rental to customers on similar terms.

6. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	6 Months Ended	
	30.06.2024	30.06.2023
	S\$'000	S\$'000
Other income		
Dividend income	169	—
Foreign currency exchange gain	365	451
Gain on disposal of assets of disposal group and assets classified as held for sale ⁽¹⁾	4,520	64
Gain on disposal of property, plant and equipment	—	1
Gain on disposal of a subsidiary (Note 11.1)	61	—
Implicit interest income	—	2
Interest income	109	77
Management fee income from an associate	51	—
Sundry income	217	211
	5,492	806
Other operating expenses		
Allowance for slow moving inventories	(106)	(221)
Inventories written off	(4)	(4)
Loss on disposal of property, plant and equipment	(2)	—
Other expenses	—	(40)
	(112)	(265)
Cost of sales		
Depreciation of property, plant and equipment	—	(465)
Selling and distribution costs		
Depreciation of property, plant and equipment	(24)	(26)
Administrative and general costs		
Amortisation of intangible assets	(68)	(68)
Depreciation of property, plant and equipment	(310)	(318)
Depreciation of right-of-use assets	(101)	(93)
Net (impairment loss)/writeback of impairment loss on financial assets		
Impairment loss on trade receivables	(1,337)	(37)
Write back of impairment loss on trade receivables	221	69
	(1,116)	32

Note:

(1) Amount consists of:

- (i) gain on disposal of assets, a land drilling rig, classified as held for sale, amounting to S\$1,857,000 [Note 17(a)]; and
- (ii) gain on disposal of assets of disposal group classified as held for sale, Federal Environmental & Energy Pte Ltd ("**FEE**") and Federal International (Shanghai) Co. Ltd ("**FIS**"), amounting to S\$2,663,000 [Note 17(b)].

6. Profit before tax (cont'd)

	Group	
	6 Months Ended	
	30.06.2024	30.06.2023
	S\$'000	S\$'000
Finance costs		
Interest expense on:		
- Bank overdrafts	—	(22)
- Term loans	(20)	(88)
- Trust receipts	(221)	(245)
- Lease liabilities	(64)	(66)
- Amount owing to a related party	—	(35)
	(305)	(456)

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated income statement are:

	Group	
	6 Months Ended	
	30.06.2024	30.06.2023
	S\$'000	S\$'000
Current income tax		
- Current income taxation	354	301
- Withholding tax on dividend income	34	—
	388	301
Deferred income tax		
- Origination and reversal of temporary differences	1	—
Income tax expense recognised in income statement	389	301

8. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing profit/(loss) net of tax attributable to owners of the Company by the weighted average number of ordinary shares on issue (excluding treasury shares) during the financial period. As at 30 June 2024 and 30 June 2023, diluted earnings/(loss) per share is similar to basic earnings/(loss) per share as there were no potential dilutive ordinary shares.

The following tables reflect the profit/(loss) and share data used in the computation of basic and diluted earnings/(loss) per share for the financial period ended 30 June:

	Group	
	6 Months Ended	
	30.06.2024	30.06.2023
	S\$'000	S\$'000
Profit/(loss) net of tax attributable to owners of the Company used in the computation of earnings/(loss) per share	3,247	(3,684)
	Number of shares	
	'000	'000
Weighted average number of ordinary shares on issue (excluding treasury shares) for earnings/(loss) per share computation	140,667	140,667

9. Related party transactions

(a) Other related party transactions

In addition to those related party information disclosed elsewhere in the condensed interim financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	Group	
	6 Months Ended	
	30.06.2024	30.06.2023
	S\$'000	S\$'000
Purchases of goods and services from an associate	(119)	–
Rental paid to a director of certain subsidiaries	(3)	(18)
Rental and related expenses paid to an associate	(33)	–
Sales of goods and services to an associate	84	2
Secretarial and professional fee paid to director-related firms ⁽¹⁾	(8)	(12)
(Repayments of)/additions to amount due to a director of certain subsidiaries	(189)	746
Repayment of loan received from an associate	–	1,396

Note:

(1) During the current financial period, secretarial and professional services were provided by entity which is controlled by one of the independent directors of the Company. S\$1,000 (31 December 2023: S\$ Nil) was outstanding at the end of current financial period.

(b) Compensation of key management personnel (“KMP”)

	Group	
	6 Months Ended	
	30.06.2024	30.06.2023
	S\$'000	S\$'000
Directors' fees	90	95
Short-term employee benefits	890	916
Defined contributions	38	39
Other short-term benefits	34	33
Total compensation paid to KMP	1,052	1,083
Comprise of amounts paid to:		
Directors of the Company	570	574
Other KMP	482	509
	1,052	1,083

10. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to S\$31,000 (30 June 2023: S\$42,000) and disposed of assets amounting to net book value of S\$ 5,000 (30 June 2023: S\$ Nil).

10.1. Revaluation of leasehold building

Leasehold building relates to a single-storey detached factory situated at 12 Chin Bee Drive on leasehold land of 7,146.3 square metres. The lease tenure of the leasehold land is 30 years effective October 2013.

10. Property, plant and equipment (cont'd)

10.1. Revaluation of leasehold building (cont'd)

The fair value of the Group's leasehold building was determined based on the properties' highest and best use by an external valuer using direct comparison with recent transactions of comparable properties within the vicinity at 31 December 2023. Adjustments were made for differences in location, land area, land shape, floor area, floor loading, ceiling height, tenure, design and layout, age and condition of buildings, dates of transactions and the prevailing market conditions amongst other factors affecting its value. Management assessed and concluded that the fair value of the Group's leasehold building as at 30 June 2024 has not changed significantly since 31 December 2023.

The fair value measurement is categorised under Level 3 of the fair value hierarchy.

The Group's leasehold building with carrying amount of S\$8,873,000 (31 December 2023: S\$9,100,000) is mortgaged to secure banking facilities and bank loans of certain subsidiaries (Note 18).

11. Investment in subsidiaries

11.1 Disposal of a subsidiary

(a) Alton International (Thailand) Co. Ltd, a wholly-owned subsidiary of the Group, was liquidated during the six months ended 30 June 2024. The effect of the disposal on the financial position of the Group is as follows:

	Group 30.06.2024 S\$'000
Net assets derecognised	—
Consideration received, satisfied in cash	—
Cash and bank balances disposed	—
Net cash inflow	—
Consideration received	—
Net assets derecognised	—
Cumulative foreign currency translation on loss of control of subsidiary	61
Gain on disposal (Note 6)	61

12. Investment in associates

12.1 Impairment review of investment in associates

As at 30 June 2024, management performed an impairment review for the Company's carrying amount of PT Gunanusa Utama Fabricators ("PTG"). At the Company level, an impairment loss of S\$630,000 was recognised as at 30 June 2024 based on management's assessment of PTG's recoverable amount by reference to PTG's value in use using income approach.

The recoverable amount assessed using income approach has been determined based on discounted cash flow analysis from forecast covering a three-year period. The weighted average cost of capital applied to the cash flow projection and forecasted growth rate used to extrapolate cash flow projection beyond three-year period are 15.4% and 1.7% respectively.

13. Intangible assets

	Group		
	Goodwill	Development costs	Total
	S\$'000	S\$'000	S\$'000
At 31 December 2023			
Cost	1,044	2,059	3,103
Accumulated amortisation and impairment loss	(1,044)	(1,787)	(2,831)
Net carrying amount	—	272	272
6 months ended 30 June 2024			
Opening net carrying amount	—	272	272
Amortisation charge	—	(68)	(68)
Closing net carrying amount	—	204	204
At 30 June 2024			
Cost	—	2,059	2,059
Accumulated amortisation and impairment loss	—	(1,855)	(1,855)
Net carrying amount	—	204	204

13.1 Impairment review of goodwill

Goodwill arising from business combinations that was allocated to Manufacturing/Design/Research and Development segment, a single cash-generating unit ("CGU") which is also a reportable operating segment, has been fully impaired.

13.2 Impairment review of development costs

Development costs relate to testing and design development projects/prototypes. Management has reviewed and was of the opinion that there was no further indication of impairment as at 30 June 2024.

14. Financial assets at FVOCI

	Group and Company	
	30.06.2024	31.12.2023
	S\$'000	S\$'000
<i>Equity investments designated at FVOCI</i>		
Quoted equity shares	5,136	8,708
Unquoted equity shares	—	—
	5,136	8,708

The investments represent investment in quoted equity shares in PT Superkrane Mitra Utama Tbk. ("SK") and unquoted equity shares in a dormant company, both of which are incorporated in Indonesia. It is the Group's strategy to hold these investments, which are not held for trading, for long-term purposes. Accordingly, management has elected to designate these investments in equity shares at fair value through other comprehensive income ("FVOCI").

The Company is subject to a moratorium on the sale of the SK shares acquired. During the moratorium period, the Company will not be entitled to sell any of their respective SK shares. The moratorium will be in effect for the periods: (a) for the first 50% of SK shares, 12 months from 1 July 2023; and (b) for the remaining 50%, 18 months thereafter.

The fair value of the quoted equity shares was determined by reference to the market price per share of SK, which is categorised under Level 1 fair value hierarchy.

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

14. Financial assets at FVOCI (cont'd)

As at 30 June 2024, a fair value loss of S\$3,572,000 (31 December 2023: fair value loss of S\$56,000) was recognised in other comprehensive income by reference to the fair value of quoted shares.

15. Trade receivables

The Group's credit risk exposure in relation to trade receivables from third parties under SFRS(I) 9 *Financial Instruments* as at 30 June 2024 and 31 December 2023 are set out in the provision matrix below:

	Weighted average loss rate %	Gross carrying amount S\$'000	Credit loss allowance S\$'000	Net carrying amount S\$'000
Group				
<u>30 June 2024</u>				
Current (not past due)	—	4,738	—	4,738
1 – 120 days past due	—	5,946	—	5,946
More than 120 days past due ⁽¹⁾	83.4	9,807	(8,181)	1,626
		20,491	(8,181)	12,310
<u>31 December 2023</u>				
Current (not past due)	0.3	6,612	(20)	6,592
1 – 120 days past due	—	1,728	—	1,728
More than 120 days past due	68.0	10,797	(7,345)	3,452
		19,137	(7,365)	11,772

Note:

- (1) Included in the net carrying amount that was more than 120 days past due as at 30 June 2024 was retention amount of S\$0.9 million (31 December 2023: S\$0.9 million) from customers in accordance with contract terms. These retention money are expected to be paid upon completion of final documentations.

16. Amounts due from associates

	Group		Company	
	30.06.2024 S\$'000	31.12.2023 S\$'000	30.06.2024 S\$'000	31.12.2023 S\$'000
Amounts due from associates				
– Trade	16,045	15,958	—	—
– Non-trade	2,032	1,979	168	164
	18,077	17,937	168	164

Aging of trade amounts due from an associate, PTG, as at 30 June 2024 and 31 December 2023 are as follows:

	Not Past Due (Current)	Past Due		
		1 – 120 days	More than 120 days	Total
Group				
<u>30 June 2024</u>				
Trade amounts due from PTG	—	80	15,965	16,045
<u>31 December 2023</u>				
Trade amounts due from PTG	18	276	15,664	15,958

16. Amounts due from associates (cont'd)

The Group continues to monitor PTG's financial position and performance on a periodic basis to manage the Group's overall exposure and its recoverability. PTG continues to pursue local and overseas Engineering, Procurement and Construction ("EPC") projects and these prospects coupled with its commitment to make repayments to the Group from cash generated from existing and upcoming potential projects are being assessed and monitored periodically.

17. Assets of disposal group and assets classified as held for sale
Liabilities directly associated with disposal group held for sale
Reserves of disposal group classified as held for sale

The disposal group and assets classified as held for sale comprised the following assets, liabilities and reserves:

	Note	Group	
		30.06.2024	31.12.2023
		S\$'000	S\$'000
<u>Assets classified as held for sale</u>			
Property, plant and equipment	(a)	—	102
<u>Assets of disposal group classified as held for sale</u>			
Property, plant and equipment		—	15
Inventories		—	362
Trade receivables		—	1,827
Other receivables		—	838
Advance payment to suppliers		—	704
Prepayments		—	25
Deposit		—	5
Cash and bank balances		—	1,084
	(b)	—	4,962
<u>Liabilities directly associated with disposal group held for sale</u>			
Trade payables		—	1,750
Other payables		—	1,545
Contract liabilities		—	228
Amount due to related parties		—	2,682
Term loans		—	708
	(b)	—	6,913
<u>Reserves of disposal group classified as held for sale</u>			
Foreign currency translation reserve		—	98
Other reserves		—	287
	(b)	—	385

Notes:

- (a) As at 31 December 2023, property, plant and equipment classified as held for sale related to a land drilling rig of a subsidiary in Indonesia, PT Federal International ("PTFI"), under plant and machinery. PTFI entered into a term sheet for disposal of the land drilling rig for a consideration of US\$1.5 million (or S\$1,956,000 equivalent). The disposal was completed in June 2024. A net book value of S\$99,000 was disposed of and a gain on disposal of assets classified as held for sale of S\$1,857,000 was recognised in income statement (Note 6);

17. Assets of disposal group and assets classified as held for sale (cont'd)
Liabilities directly associated with disposal group held for sale (cont'd)
Reserves of disposal group classified as held for sale (cont'd)

- (b) On 29 January 2024, the Group completed the disposal of 65% equity interest in FEE and FIS, which were previously classified as assets of disposal group held for sale. The effect of the disposal on the financial position of the Group is as follows:

	Group 30.06.2024 S\$'000
Assets:	
Property, plant and equipment	16
Inventories	504
Trade receivables	1,789
Other receivables	896
Advance payment to suppliers	700
Prepayments	29
Deposit	5
Cash and bank balances	616
	4,555
Liabilities:	
Trade payables	1,874
Other payables	3,097
Contract liabilities	228
Amount due to related parties	2,988
Term loans	717
	8,904
Net liabilities derecognised	(4,349)
Consideration received, satisfied in cash	—
Cash and bank balances disposed	(616)
Net cash outflow	(616)
Consideration received	—
Net liabilities derecognised	4,349
Cumulative foreign currency translation on loss of control of disposal group classified as held for sale	66
	4,415
Non-controlling interest	(1,752)
Gain on disposal (Note 6)	2,663

18. Amounts due to banks
Term loans

	Group	
	30.06.2024	31.12.2023
	S\$'000	S\$'000
Amounts due to banks		
<u>Amount repayable within one year or less, or on demand</u>		
Trust receipts, secured	3,177	6,335
Term loans		
<u>Amount repayable within one year or less, or on demand</u>		
Term loans, secured	1,052	1,133
<u>Amount repayable after one year</u>		
Term loans, secured	—	482
Aggregate amounts of Group's borrowings		
<u>Amount repayable within one year or less, or on demand</u>		
Secured	4,229	7,468
<u>Amount repayable after one year</u>		
Secured	—	482

18.1 Securities

The Group's trust receipts and term loans are secured on:

- (i) legal mortgage on the Group's leasehold building (Note 10);
- (ii) corporate guarantee by the Company;
- (iii) bank balances and deposits pledged by subsidiaries.

19. Share capital
Treasury shares

	Group and Company			
	30.06.2024		31.12.2023	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Share capital				
<u>Issued and fully paid ordinary shares</u>				
Beginning and end of financial period	140,767	144,099	140,767	144,099
Treasury shares				
Beginning and end of financial period	(100)	(25)	(100)	(25)
Total number of issued shares excluding treasury shares as at end of financial period	140,667		140,667	

The Company did not issue any ordinary shares during the 6 months ended 30 June 2024.

The Company did not have any convertible securities as at 30 June 2024 (30 June 2023: Nil).

19. Share capital (cont'd)
Treasury shares (cont'd)

There was a total of 100,000 treasury shares held as at 30 June 2024 (30 June 2023: 100,000). There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no subsidiary holdings as at 30 June 2024 (30 June 2023: Nil). There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

20. Fair value measurement

20.1 Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table shows an analysis of each class of assets measured at fair value at each reporting period:

	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
30 June 2024				
<u>Group</u>				
<u>Non-financial assets</u>				
Property, plant and equipment				
- Leasehold building	—	—	8,873	8,873
<u>Financial assets at FVOCI</u>				
Quoted equity shares	5,136	—	—	5,136
<u>Company</u>				
<u>Financial assets at FVOCI</u>				
Quoted equity shares	5,136	—	—	5,136
31 December 2023				
<u>Group</u>				
<u>Non-financial assets</u>				
Property, plant and equipment				
- Leasehold building	—	—	9,100	9,100
<u>Financial assets at FVOCI</u>				
Quoted equity shares	8,708	—	—	8,708
<u>Company</u>				
<u>Financial assets at FVOCI</u>				
Quoted equity shares	8,708	—	—	8,708

21. Categories of financial assets and financial liabilities

Set out below are the carrying amounts of the Group's and Company's financial assets and financial liabilities as at 30 June 2024 and 31 December 2023:

	Group		Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
At FVOCI	5,136	8,708	5,136	8,708
At amortised cost	46,134	45,958	8,253	10,059
	51,270	54,666	13,389	18,767
Financial liabilities				
At amortised cost	12,027	20,821	2,376	4,997

22. Net asset value

	Group		Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	cents	cents	cents	cents
Net asset value per ordinary share	47.19	47.29	47.73	50.14

Net asset value per share is calculated based on the number of ordinary shares on issue (excluding treasury shares) of 140,667,484 as at 30 June 2024 (31 December 2023: 140,667,484).

23. Subsequent events

There are no other known subsequent events which have led to adjustments to this set of interim financial statements.

1. Review

The condensed consolidated statements of financial position of Federal International (2000) Ltd and its subsidiaries as at 30 June 2024 and the related condensed consolidated income statement and other comprehensive income, condensed statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditor.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is material uncertainty relating to going concern.

None.

3. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

CONSOLIDATED INCOME STATEMENT

First half ended 30 June 2024 ("1H2024") versus 30 June 2023 ("1H2023")

Revenue

Group revenue were mainly contributed by the distribution of flowline control products and fire detection and protection systems businesses. Overall revenue dropped to S\$24.4 million, which was 15% or S\$4.3 million lower than the revenue in 1H2023 of S\$28.7 million, mainly attributable to:

- (a) lower sales revenue from the Group's Trading business in China after the completion of disposal of FIS in 1Q2024; and
- (b) absence of charter income from a land drilling rig in Indonesia during 1H2024 (charter period ended in December 2023).

The above decrease was partially offset by higher revenue from rental of equipment in Vietnam and Trading business in Thailand.

Gross profit

Gross profit of S\$6.3 million was lower than 1H2023 of S\$7.9 million, which was in line with lower sales recorded and a lower gross profit margin recorded at 26.0% (1H2023: 27.6%).

Other income

Other income of S\$5.5 million was higher than 1H2023 of S\$806,000, mainly relating to gain on disposal of assets of disposal group and assets classified as held for sale amounting to S\$4.5 million and dividend income of S\$169,000 from SK.

Selling and distribution costs

Selling and distribution costs declined slightly by S\$181,000 to S\$2.3 million in 1H2024, which was in line with lower sales revenue in 1H2024.

CONSOLIDATED INCOME STATEMENT (cont'd)

1H2024 versus 1H2023 (cont'd)

Administrative and general costs

Administrative and general costs increased marginally by 4.9% or S\$181,000 to S\$3.9 million in 1H2024, largely attributable to higher legal and professional fee incurred.

Other operating expenses

Other operating expenses of S\$112,000 were lower than expenses of S\$265,000 in 1H2023, mainly due to lower allowance for slow moving inventories.

Net (impairment loss)/writeback of impairment loss on financial assets

The Group recorded a net impairment loss on financial assets amounting to S\$1.1 million in 1H2024 (1H2023: net writeback of impairment loss of S\$32,000).

Finance costs

Finance costs dropped by 33.1% or S\$151,000 to S\$305,000 in 1H2024 as a result of lower interest expenses on term loans, bank overdraft and trust receipts.

Share of results of associates

Share of loss of associates amounted to S\$339,000 in 1H2024, mainly due to share of PTG's loss, partially offset by contribution from PT Eastern Jason during the period.

Income tax expense

The Group recorded an income tax expense of S\$389,000 in 1H2024 (1H2023: S\$301,000) relating to current income tax provision and withholding tax on dividend income.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP

Equity attributable to owners of the Company

As at 30 June 2024, equity attributable to owners of the Company amounted to S\$66.4 million, which translated to a net asset value per ordinary share of 47.19 Singapore cents.

Non-current assets

Non-current assets decreased by S\$3.5 million to S\$25.6 million (31 December 2023: S\$29.1 million) mainly due to:

- a) fair value loss of financial assets at FVOCI amounting to S\$3.6 million;
- b) decrease in property, plant and equipment of S\$305,000, right-of-use assets of S\$100,000 and intangible assets of S\$68,000, as a result of depreciation or amortisation charges during the period;
- c) decrease in investment in associates of S\$235,000 due to share of associates' results for the period.

Other receivables increased by S\$900,000, which related to Settlement Amount to be paid by GD (or FEE as directed by GD) to the Company within 24 months from 12 January 2024 (refer to the Company's announcement dated 15 January 2024: Update on Federal Environmental & Energy Pte Ltd and Federal International (Shanghai) Co. Ltd).

STATEMENT OF FINANCIAL POSITION FOR THE GROUP (cont'd)

Current assets

Current assets decreased by S\$9.9 million to S\$54.7 million (31 December 2023: S\$64.6 million) mainly due to: -

- a) derecognition of assets of disposal group and assets classified as held for sale of S\$5.0 million as a result of the completion of disposal during the period;
- b) lower inventories of S\$4.7 million due to delivery of goods to customers;
- c) decrease in cash and bank balances of S\$2.5 million;

The above decrease was partially offset by: -

- d) higher other receivables of S\$751,000, mainly due to Settlement Amount of S\$900,000 to be paid by GD (or FEE as directed by GD) to the Company within 12 months from 12 January 2024 (refer to the Company's announcement dated 15 January 2024: Update on Federal Environmental & Energy Pte Ltd and Federal International (Shanghai) Co. Ltd);
- e) higher advance payment to suppliers in relation to on-going projects of S\$656,000;
- f) higher trade receivables of S\$538,000 and fixed and bank deposits of S\$210,000.

Current liabilities

Current liabilities decreased by S\$14.4 million to S\$11.5 million (31 December 2023: S\$25.9 million) mainly due to: -

- a) derecognition of liabilities directly associated with disposal group held for sale of S\$6.9 million as a result of the completion of disposal during the period;
- b) net payments of trade payables of S\$3.4 million;
- c) net repayments of amounts due to banks of S\$3.1 million, relating to trust receipts; and
- d) lower other payables of S\$1.6 million mainly due to settlement of deposits received in relation to disposal of land drilling rig held of sale of S\$2.0 million, partially offset by higher accruals of costs and expenses.

The above decrease was partially offset by higher contract liabilities (advance consideration received from customers) in relation to on-going projects of S\$511,000 and higher provision for taxation of S\$346,000.

Non-current liabilities

Non-current liabilities decreased by S\$0.5 million to S\$3.6 million (31 December 2023: S\$4.1 million) mainly due to repayment of term loans.

STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

Non-current assets

Non-current assets decreased by S\$4.5 million to S\$65.9 million (31 December 2023: S\$70.4 million), mainly due to:

- a) fair value loss of financial assets at FVOCI amounting to S\$3.6 million;
- b) impairment loss on investment in associates of S\$630,000 in relation to PTG; and
- c) partial repayment of quasi-equity loan, which is included as part of investment in subsidiaries, received from a subsidiary. Hence, there was a decrease in investment in subsidiaries of S\$328,000.

Amount due from subsidiary of S\$900,000 was reclassified to other receivables. This amount related to Settlement Amount to be paid by GD (or FEE as directed by GD) to the Company within 24 months from 12 January 2024.

STATEMENT OF FINANCIAL POSITION FOR THE COMPANY (cont'd)

Current assets

Current assets decreased by S\$1.4 million to S\$3.9 million (31 December 2023: S\$5.3 million) mainly attributable to: -

- a) lower amounts due from subsidiaries of S\$1.6 million due to partial settlements from subsidiaries and reclassification of S\$900,000 to other receivables, which related to Settlement Amount to be paid by GD (or FEE as directed by GD) to the Company within 12 months from 12 January 2024; and
- b) lower cash and bank balances of S\$1.0 million.

Other receivables also increased by S\$1.1 million, mainly relating to S\$900,000 Settlement Amount as above-mentioned.

Current liabilities

Current liabilities decreased by S\$1.1 million to S\$522,000 (31 December 2023: S\$1.6 million) due to settlement of amounts due to subsidiaries of S\$853,000 and lower accruals of expenses.

Non-current liabilities

Non-current liabilities decreased by S\$1.6 million to S\$2.1 million (31 December 2023: S\$3.7 million) due to partial settlements of amount due to subsidiaries of S\$1.6 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 June 2024, the Group's cash and cash equivalents amounted to S\$6.6 million. Overall, the Group's cash and cash equivalents decreased by S\$3.5 million in 1H2024.

The net cash of S\$754,000 generated from operating activities mainly arose from a positive operating cash flow of S\$1.2 million, partially offset by changes in working capital, which include such as decrease in inventories, trade and other payables and increase in trade and other receivables and advance payment to suppliers.

The net cash of S\$203,000 generated from investing activities mainly related to Settlement Amount of S\$500,000, interest income of S\$212,000 and dividend income of S\$135,000 received. This was partially offset by net cash outflow on disposal of assets of disposal group classified as held for sale of S\$616,000.

The net cash of S\$4.4 million used in financing activities was mainly due to net repayment of trust receipts of S\$3.3 million, term loans of S\$562,000 and interest paid of S\$301,000.

4. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement was given.

5. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group's distribution of flowline control products and fire detection and protection systems businesses remain stable in 1H2024, and demands are expected to remain consistent into 2H2024. The activities in the procurement services, however, were low due to a lack of contracts secured. The Group will continue to work with strategic partners to explore opportunities within the oil and gas industry in the SEA region to expand on the services and business segments.

6. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

7. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividends have been declared or recommended as the Group wish to preserve cash for working capital and pursue new opportunities.

8. Interested Person Transactions ("IPT")

The Company does not have a shareholders' mandate for IPTs.

The aggregate value of all IPTs during the financial period under review is less than S\$100,000.

9. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the six-month period ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Koh Kian Kiong
Executive Chairman & CEO

Maggie Koh
Executive Director

Singapore
14 August 2024