



17 November 2022

ANNUAL GENERAL MEETING 2022 CHAIRMAN'S ADDRESS

Dear Shareholders,

Considerable challenges to the world economic order remain. While Covid 19 was the main cause of these in the last 3 years, its easing into an endemic has brought little reliefs as geopolitical factors have worsened, compounded by the Ukraine war that have added new and more dangerous dimensions to the situation. Rapprochement among the big nations involved is at best strenuous.

Supply of energy has been disrupted and inflation has exploded to unprecedented heights. USA inflation hit a rate of 7.7% and the Euro zone 10.7%. As a result, the US Federal Reserve Bank has, in the last 9 months, raised interest rate by a total of 3.75% p.a. from zero % in the first quarter of 2022. Further increases are anticipated to tame the roaring inflation. Costs in funding have increased.

As a consequence, the US\$ has hit one of its highest rates in recent years against the other world's currencies creating great distortions in the global financial system. As international trade is still mainly carried out in US\$, several countries are experiencing a weakening in their reserves in exchanging US\$ with their currencies devalued.

Recession is projected to occur in the first quarter of 2023. The World Trade Organisation projects that global trade for 2023 may only go up by 1%, as compared with 3.4% in 2022 - an unprecedented low rate.

Freight rates which jumped 4 folds in 2021 are dropping back to pre-pandemic level driven by a slowdown in global trade that has resulted in an abundant availability of shipping containers and capacity. This is positive for us if we could navigate out of the foreboding recession.

All these factors are converging and present considerable challenges for business operations.

Our Group will not escape from these vagaries. We have, however, positioned ourselves to confront and manage them. Our present order situation is healthy. At the end of October 2022, the Group has in hands confirmed orders of S\$173m of which S\$82m and S\$91m are scheduled to be delivered in financial years 2023 and 2024 respectively. We are hopeful that the present growth momentum will not be scuttled by the prevailing challenges.

Barring no unforeseen circumstances, we are hopeful to emerge with a strengthened position.

Thank you

G L Sim
Chairman.