Amended and Restated

BYT HOLDINGS LTD. AND ITS SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023
(EXPRESSED IN SINGAPORE DOLLARS)

INTRODUCTION

BYT Holdings Ltd. (formerly as, SLE Synergy Ltd.) (the “Company”) was incorporated on September 16, 2019 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) and changed its name from 1223423 B.C. Ltd. to SLE Synergy Ltd. on December 23, 2019. The Company’s head office and principal address is 80 Marine Parade Road #11-02 Parkway Parade Singapore 449269. The registered and records office is 1000 – 595 Burrard Street Vancouver BC V7X 1S8 Canada.

The operating subsidiary BYT Engineering Pte Ltd. (“BYTE”) was incorporated in Singapore on December 3, 2012 and is committed to provide integrated engineering services under the contractual frameworks of engineering, procurement, and construction management (“EPCM”).

The following management’s discussion and analysis (“MD&A”) of the financial condition and results of the operations of the Company constitutes management’s review of the factors that affected the Company’s financial and operating performance for the financial year / period ended December 31, 2023 (“2023 Q4”). This discussion should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2023, together with the notes thereto. Results are reported in Singaporean Dollars, unless otherwise noted. The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee (“IFRIC”). Information contained herein is presented as of June 3, 2024, unless otherwise indicated.

In this MD&A, references to the “Company” refer to BYT Holdings Ltd. and/or its material subsidiaries, including BYTE, as the context requires.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors (the “Board”), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company’s common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A and consolidated financial statements of the Company for the year ended December 31, 2023 have been reviewed and approved by the Board on June 3, 2024.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain “forward-looking information” and “forward-looking statements” (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also refer to those risk factors referenced in the “Risk Factors” section below. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS (CONTINUED)

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

COMPANY OVERVIEW AND RECENT DEVELOPMENTS

The Company currently has operations in Singapore and Malaysia and has developed expertise in cleanrooms and controlled environments. The Company's focus is to provide one-stop turnkey EPCM solutions that range from consultancy and design right through to the realization of projects involving the construction of high technology production facilities while pairing cost-effective and innovative technologies alongside good operational practices. The Company integrates architectural, civil, mechanical, electrical, instrumentation/control and process engineering into its team's service execution. The Company's Factory Maintenance Services division was set up in 2017 to further enhance the Company's commitment to quality through customer service to its customers.

The Company has also introduced custom works and products, giving customers the flexibility to obtain tailor-made outcomes that are appropriate for their unique business use-cases. Allowing for custom projects assists in the creation of value-add and project success for the client - positively contributing to the Company's priority of maintaining long-term commercial relationships with customers.

Further to the Company's press release of April 12, 2024, the Company announced that the Company's former auditors, MNP LLP, have given notice that they have retracted their audit report dated April 30, 2021 (the "Audit Report") on the financial statements of the Company for the year ended December 31, 2020 (the "FYE 2020 Financials"). Accordingly, the Audit Report cannot be relied upon and cannot be associated with the FYE 2020 Financials. The reasons given by MNP for the retraction of the Audit Report pertain to material misstatements that were identified that affect the FYE 2020 Financials relating to the termination of a contract of the Company that occurred during 2020 and which MNP LLP were not advised of in the course of their audit. The terminated contract was a waste management project agreement with one of China's municipal governments that resulted in a write off of around S$2.7 million. The financial impact of the termination of the contract was reflected as a prior year adjustment in the financial statements of the Company for the year ended December 31, 2021 and has been fully disclosed and accounted for.

THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023 – KEY DEVELOPMENTS

This section contains the key developments of the Company that should be read in conjunction with the analysis provided under Selected Annual Financial Information below.

I. Accumulated total revenue for the year ended 2023 in amount of S$3,961,823 with installation projects revenue of S$3,114,134.

Accumulated total revenue in year ended 2023 decreased by S$474,074 or 10.7%, as compared to the financial year ended December 31, 2022. The decrease in revenue is mainly due to a significant decrease in service and maintenance revenue, which was offset by an increase in installation projects revenue: installation projects revenue recorded an increase of 39.3% or S$878,690 as compared to previous financial year.

During the year, the Company was able to complete and secure more installation projects based on its continued strategy of providing competitive pricing while lowering its cost of sales. This allowed the Company to secure more installation projects from its major customer. In addition, the Company has successfully diversified into the construction sector in year ended 2022 and the positive impact of this diversification is now reflected in the year ended 2023 as revenue recorded was S$425,448 from customer in this sector compared to only S$128,250 recorded in year ended 2022.

II. Accumulated Factory Maintenance Services Division recorded revenue totaling S$844,839 in year ended 2023 versus S$2,159,285 in year ended 2022.

The Factory Maintenance Services Division, which was set up with an aim to diversify revenue streams and increase recurring income, decreased 60.9% or S$1,314,446 as compared to financial year ended December 2022.

Service and maintenance revenue comprises yearly contracts with fixed contract value and a variable component that depends on the amount of ad hoc maintenance works that the customer requires during the year. For year ended 2022, these values were S$1,638,803 and S$520,482 respectively for a total revenue of S$2,159,285. The Company has been providing service and maintenance to its major customer. However, since the beginning of 2023, this major customer has reduced the scope and thus contract value of the yearly maintenance contracts awarded to the Company. As a result, the Company only managed to secure a yearly contract with revenue of S$641,887. In addition, the demand for ad hoc works was also correspondingly reduced. As a result, the revenue earned from the ad hoc works was only S$202,952. These factors resulted in the significant reduction in the revenue from this division.

III. Disposal of a freehold property

During the financial year ended December 31, 2023, the Company sold its freehold property with a net carrying value of about S$1,556,777 at a consideration of S$2,250,000. The change in ownership of this freehold property was completed on June 30, 2023 and a commission of S$45,000 was charged. Consequently, the net proceeds from this disposal were S$2,205,000, reported in the statements of cash flows, and the gains from disposal was S$648,223.

IV. Shares cancellation

On October 16, 2023, the Company has cancelled a total of 41,068,437 common shares that were previously issued to specific individuals comprising former management team members and shareholders (referred to as "Former Holders") pursuant to agreements of voluntary surrender, each signed between the Company and the Former Holders.

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial data has been extracted from the audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), for the fiscal years indicated and should be read in conjunction with those audited financial statements and the notes thereof.

	Three Months Ended			Twelve Months Ended		
	2023	2022	2021	**2023**	2022	2021
Revenues	**S$ 743,630**	S$ 703,413	S$ 3,232,858	**S$ 3,961,823**	S$ 4,435,897	S$ 6,615,818
Gross profit	**S$ 410,357**	S$ 367,148	S$ 1,221,134	**S$ 1,618,029**	S$ 1,913,616	S$ 2,983,937
Gross profit (as a % of revenues)	**55.18%**	52.20%	37.80%	**40.84%**	43.14%	45.10%
Loss after tax	**S$ (418,512)**	S$ (1,412,244)	S$ 252,585	**S$ (437,319)**	S$ (1,601,491)	S$ (1,291,608)
Total comprehensive loss	**S$ (477,067)**	S$ (1,384,953)	S$ 210,580	**S$ (522,375)**	S$ (1,742,499)	S$ (1,540,093)
Net Loss per share (S$)						
- Basic / diluted	**(0.007)**	(0.01)	0.002	**(0.006)**	(0.02)	(0.01)
Weighted average number of outstanding common shares	**70,181,538**	104,107,638	103,608,816	**95,556,402**	104,107,638	103,608,816

As at	**Dec 31, 23**	Dec 31, 22	
Total assets	**S$ 5,431,281**	S$ 7,284,826	10,032,793
Working capital (current assets - current liabilities)	**S$ 2,148,596**	S$ 1,231,954	1,618,318
Total non-current liabilities	**S$ 479,146**	S$ 400,000	418,224
Shareholder's equity	**S$ 3,081,479**	S$ 3,603,854	5,346,353
Number of shares outstanding	**63,039,201**	104,107,638	104,107,638

Results of Operations

This section should be read in conjunction with Page 4 above regarding the key developments that affected the financial performance of the Company.

Revenue

	Three Months Ended December 31,		Twelve Months Ended December 31,		
	2023	2022	**2023**	2022	2021
	S$	S$	**S$**	S$	S$
Revenue from installation projects	**586,447**	260,136	**3,114,134**	2,235,444	2,015,245
Service and maintenance	**157,183**	416,967	**844,839**	2,159,285	2,797,811
Sale of goods	**-**	26,310	**2,850**	41,168	1,802,762
Total Revenue	**743,630**	703,413	**3,961,823**	4,435,897	6,615,818

The Company recorded total revenue of S$3,961,823 for the financial year ended December 31, 2023, a decrease of S$474,074 or 10.7%, as compared to the financial year ended December 31, 2022. The decrease in revenue is mainly due to a significant decrease in service and maintenance revenue. The Company recorded total installation projects revenue of S$3,114,134 for the financial year ended December 31, 2023, an increase of S$878,690, or 39.3%, as compared to the financial year ended December 31, 2022. These installation projects mainly consist of EPCM solutions provided by the Company. EPCM solutions include the installation of cleanrooms and controlled environments, design and implementation of heat-ventilations, air-conditioning systems, mechanical and electrical systems.

The Company recorded total service and maintenance revenue of S$844,839 for the financial year ended December 31, 2023, a decrease of S$1,314,446 or 60.9%, as compared to the financial year ended December 31, 2022. The decrease can be primarily attributed to the reduction in scope of and thus value of maintenance contracts awarded to the Company and the corresponding ad hoc maintenance works required by the customer. This trend has been observed in the last three financial years. The purpose of providing service and maintenance work is to secure long-term contracts that will provide a recurring income to the Company. This service division also helps the Company to maintain constant communication with its customers and meet its customers' needs.

In the financial year ending December 31, 2023, the Company reported total trading revenue of S$2,850. This represents a significant decrease of S$38,318 or 93.1% compared to the previous year. It's important to note that trading revenue remains relatively insignificant compared to the income generated from the contract and service maintenance divisions. Typically, trading income occurs sporadically when customers request assistance with purchasing specific items. The Company was able to secure such a contract in financial year ended December 31, 2021, which explains the higher revenue during that year.

Cost of Sales / Gross Profit Margin

	Three Months Ended December 31,		Twelve Months Ended December 31,		
	2023	2022	**2023**	2022	2021
	S$	S$	**S$**	S$	S$
Cost of sales	**(333,273)**	(336,265)	**(2,343,794)**	(2,522,281)	(3,631,881)
Gross profit	**410,357**	367,148	**1,618,029**	1,913,616	2,983,937
Gross profit margin (%)	**55.18%**	52.20%	**40.84%**	43.14%	45.10%

Total cost of sales decreased from S$2,522,281 in the financial year ended 2022 to S$2,343,794 in the financial year ended 2023, as a result of the Company's decreased revenue during the financial year.
Gross profit is the difference between the revenue received and the direct cost of that revenue. Gross profit margin is gross profit divided by revenue and is often presented as a percent.

For the year ended 2023, the Company was able to increase the gross margin from its installation projects from around 29% in 2022 to around 36%. This increase in gross margin is achieved through cost reduction as the Company was able to source for cheaper raw materials for its projects. The Company was also able to maintain gross margin of around 58% for its Factory Maintenance Services division for the year ended 2023 as compared to year ended 2022. However, as the proportion of revenue from this division to total revenue has fallen, the overall gross margin has also fallen from 43.14% in year ended 2022 to 40.84% in year ended 2023. This trend is also observed for the year ended December 31, 2021.

Operating Expenses

	Three Months Ended December 31,		**Twelve Months Ended December 31,**		
	2023	2022	**2023**	2022	2021
	S$	**S$**	**S$**	**S$**	**S$**
Administrative expenses	**790,061**	675,717	**2,697,618**	2,470,832	2,541,797
Other operating expenses	**15,884**	-	**48,991**	91,758	118,724
Other losses	**47,958**	1,040,197	**47,958**	1,040,197	1,797,141
Finance costs	**9,377**	24,821	**64,174**	86,459	83,224
Total	**863,280**	1,740,735	**2,858,741**	3,689,246	4,540,886

Total operating expenses was S$2,858,741 for the financial year ended December 31, 2023, compared to S$3,689,246 for the year ended 2022. The significant decrease was mainly due to the decrease in other losses. For the year ended 2022, the Company incurred other losses of S$1,040,197 which consisted of impairment of investment in an associate S$1,024,723 and foreign exchange losses of S$15,474. For the year ended 2023, other losses was only S$47,958, which consisted of foreign exchange losses of S$47,958.

The principal business of this associate mentioned above is the provision of big data technology and services for different industrial applications, with big state-owned enterprises and their governmental projects as its main customers. Such industrial applications include building information modelling systems that are used by tunnel boring machines ("TBM") for the construction of large infrastructure projects e.g. drilling of underwater tunnels. China's businesses, including government related infrastructure projects, came to a slowdown in 2021 and standstill in 2022 as the Chinese government took extreme lock down measures in order to combat Covid. However, the business of this associate is starting to show signs of recovery and based on its financial performance for year ended 2023, no further impairment is considered necessary.

Finance costs in financial year ended December 31, 2023 decreased slightly due to interest saving from a reduction in outstanding loan amount.

As compared to the latest two financial years, the year ended December 31, 2021 incurred significant other losses as a result of bad debt written off amounting to S$1,590,720.

The details of the other administrative expenses are as follows:

	2023	2022	2021
	S$	S$	S$
Depreciation of property, plant and equipment	**26,327**	31,705	46,643
Depreciation of right-of-use assets	**94,767**	100,455	89,130
Employee benefits expenses	**1,737,627**	1,680,448	1,595,458
Manpower expenses	**65,360**	51,150	
Motor vehicle rental	**34,800**	34,800	51,500
Professional charges	**256,330**	193,817	406,946
Short term lease expenses	**21,010**	42,022	
Travel and accommodation	**49,969**	5,342	53,124
Audit fees	**143,546**	149,532	147,398
Foreign workers levy	**60,185**	27,250	
Insurance	**27,825**	26,693	
Other expenses	**179,872**	127,618	198,241
Total	**2,697,618**	2,470,832	2,541,797

Total administrative expenses were S$2,697,618 for the financial year ended December 31, 2023, compared to S$2,470,832 for the year ended 2022. The increase of S$182,490 or 7.4% was mainly due to increase in employee costs (S$57,179), increase in foreign workers levy (S$32,935), increase in professional charges (S$62,513) and increase in travel and accommodation (S$44,627).

Net and Total Comprehensive Income

	Three Months Ended December 31,		**Twelve Months Ended December 31,**		
	2023	2022	**2023**	2022	2021
	S$	S$	**S$**	S$	S$
Total comprehensive loss	**(477,067)**	(1,384,953)	**(522,375)**	(1,742,499)	(1,540,093)

For the year ended December 31, 2023, the Company recorded a total comprehensive loss of S$522,375 compared to total comprehensive loss of S$1,742,499 in year ended 2022. The comprehensive loss for the year ended 2022 would be S$717,776, if adjusted for the impairment in associate of S$1,024,723 while the comprehensive loss for the year ended 2023 would be S$1,170,598 if adjusted for the gain in sale of property of S$648,223. The widening in comprehensive loss is a result in reduction in gross margin as explained above and increase in expenses such as employee costs and professional expenses for the financial year ended 2023.

Total Assets

Total assets for the year ended 2023 fell by S$1,853.545 compared to the previous year primarily due to the disposal of the freehold property. The freehold property was not used for the core operations of the Company and will not have any impact on its business operations going forward. For the year ended 2022, total assets fell S$2,747,967 due to an impairment loss of S$1,024,723 recognized for the Company's investment in an associate company, a reduction in cash used to pay its borrowings of S$432,269 and a reduction of trade receivables of S$632,639, which was offset by a reduction in its payables.

Non Current Liabilities

Due to the breach of certain financial covenants, all of the Company's borrowings have been classified as current liabilities. The non current liability is largely a dividend payable of S$400,000.

SUMMARY OF QUARTERLY RESULTS

The following selected quarterly financial data has been extracted from the financial statements, prepared in accordance with International Financial Reporting Standards.

	2023 Q4	2023 Q3	2023 Q2	2023 Q1
	S$	S$	S$	S$
Revenue	743,630	1,574,255	635,929	1,008,009
Net and comprehensive (loss) / profit	(477,067)	(72,323)	358,573	(331,558)
Net profit per share (basic and diluted)	(0.007)	(0.0007)	0.003	(0.003)

	2022 Q4	2022 Q3	2022 Q2	2022 Q1
	S$	S$	S$	S$
Revenue	703,413	1,317,729	992,985	1,421,770
Net and comprehensive (loss) / profit	(1,384,953)	34,402	(173,919)	(218,029)
Net profit per share (basic and diluted)	(0.01)	0.0003	(0.002)	(0.002)

Comparison between 2023 Q4 and 2023 Q3

In 2023 Q4, the Company recorded revenues of S$743,630, a decrease of S$830,625 or 52.8% as compared to the immediately preceding quarter (“2023 Q3”). The significant decrease was the result of a significant installation project worth S$1,262,250 that was largely completed and recorded in 2023 Q3 (S$1,039,500 recorded in 2023 Q3 versus S$222,750 recorded in 2023 Q4).

The Company recorded a comprehensive loss of S$477,067 for the quarter as compared to loss of S$72,323 for 2023 Q3. This increase in losses can be primarily attributed to several factors. Firstly, accrued employee bonuses totalling S$124,275 and travel expenses amounting to S$44,296 in 2023 Q4 contributed to the rise, which were none in 2023 Q3. Additionally, there was an increase in unrealized losses on foreign exchange amounting to S$71,195, in contrast to a gain of S$14,052 in 2023 Q3. Moreover, a decrease in gross profit from S$545,854 in 2023 Q3 to S$410,357 in 2023 Q4 also contributed to the larger comprehensive loss for the period.

Comparison between 2023 Q4 and 2022 Q4

Revenue for the quarter increased by 5.7% compared to 2022 Q4. The increase was mainly due to higher installation projects revenue in 2023 Q4 which is S$586,447 as compared to 2022 Q4 amounting to S$260,136. However, the Company also recorded a decrease in service and maintenance revenue which is S$157,183 in 2023 Q4, as compared to S$416,967 in 2022 Q4 as explained above.

AUTHORIZED SHARE CAPITAL

On October 16, 2023, the Company has cancelled a total of 41,068,437 common shares that were previously issued to specific individuals comprising former management team members and shareholders (referred to as "Former Holders") pursuant to agreements of voluntary surrender, each signed between the Company and the Former Holders

As of the date of this MD&A, the Company has issued 63,039,201 common shares. All common shares carry one vote per share and carry a right to dividends as and when declared by the Company.

RISK FACTORS

The following are certain risk factors relating to the business carried on by the Company, which prospective investors should carefully consider. The Company will face a number of challenges in the development of its technology and in building its client base. Due to the nature of the Company and the present stage of the business, the Company may be subject to significant risks. Readers should carefully consider all such risks, including those set out in the discussion below. The below list is not a comprehensive list of all risk factors that may affect the Company.

General Business Risks

Risk Associated with Foreign Operations in Other Countries

The Company's primary revenues are expected to be achieved in Singapore and Malaysia. However, the Company may expand to markets outside of the aforementioned countries and become subject to risks normally associated with conducting business in other countries. The Company cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Company's business.

Risks Associated with Acquisitions

As part of the Company's overall business strategy, the Company may pursue select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Uncertainty and Adverse Changes in the Global Economy

Adverse changes in the global economy could negatively impact the Company's business. Future economic distress may result in a decrease in demand for the Company's products, which could have a material adverse impact on the Company's operating results and financial condition. Uncertainty and adverse changes in the economy could also increase costs associated with developing and publishing products, increase the cost and decrease the availability of sources of financing, and increase the Company's exposure to material losses from bad debts, any of which could have a material adverse impact on the financial condition and operating results of the Company.

Risks Related to Industry and Business

Revenue is Dependent on the Capital Expenditure of Customers

The Company designs and/or build facilities requiring controlled environments mainly for the electronics, food and beverage, oil and gas, and semiconductor sectors. Consequently, revenue will be adversely affected should there be any slowdown in the growth and development of these sectors which results in a reduction in the capital expenditure budgets of customers in these sectors and a lesser number of projects available for tender. Accordingly, the Company will be dependent on the growth of these sectors in Singapore, specifically, and Southeast Asia, generally, and any change or slowdown in the growth of these sectors in these geographic markets may have an adverse impact on our business, financial condition, results of operations and prospects.

Revenue is Dependent on One Major Customer

The Company has one major customer that accounted for a significant proportion of its total revenue. Therefore, the Company's business is dependent on the business requirements of this major customer and continued business relationship with this major customer. While the Company has been attempting to diversify its customer base, there is no guarantee that the Company will achieve its objective of reducing this customer concentration risk.

Business is generally project-based and faces the risk of any delay or premature termination of secured projects and/or the Company may not be able to secure new projects

The Company's business is generally project-based. Therefore, the Company has to continuously secure new customers and/or new projects. If it is unable to secure new projects of contract values, size and/or margins comparable to existing ones and/or our secured projects are delayed or prematurely terminated because of factors such as changes in customers' businesses, poor market conditions or lack of funds on the part of the project owners, this would create idle or excess capacity and/or may expose the Company to liabilities to sub-contractors and/or suppliers. This may adversely affect business, financial performance and financial condition. The delay or premature termination of any projects or contracts in progress or any customer's decision not to proceed with a contracted project may result in the Company not being adequately compensated. This will have a material adverse effect on business, financial condition and results of operations. In addition, there may be a lapse of time between the completion of existing projects and the commencement of subsequent projects which may materially and adversely affect financial performance and financial position.

Any cost overruns may adversely affect the financial performance of the Company

The Company's revenue is largely derived from project-based contracts. Contracts for project works are negotiated in advance of the actual project execution and projects can vary in duration from several months to a few years. Profitability will therefore be dependent on the Company's ability to obtain competitive quotations from sub-contractors at or below estimated costs, and the ability to execute the contracts efficiently. The Company works closely with subcontractors for project execution. However, unforeseen circumstances such as logistic disruptions or unanticipated construction constraints at the work site may arise during the course of project execution. As these circumstances may require additional work which has not been factored into the contract value, they may lead to cost overruns which will erode profit margin for the project. There is no assurance that actual costs incurred will not exceed the estimated costs, due to under-estimation of costs, excessive wastage, inefficiency, damage or unforeseen additional costs incurred during the course of the contract. Any under-estimation of costs, delay or other circumstances resulting in cost overruns may adversely affect profitability.

Liable for delays in the completion of projects

The contracts that the Company may enter into with customers will typically include a provision for the payment by the Company of pre-determined liquidated damages to customers in the event the project is completed after the date of completion stated in the contract arising from any delay caused by the Company. The liquidated damages payable is determined by the tender terms for public sector projects or through contractual negotiations for private sector projects. Delays in a project could occur from time to time due to factors such as shortages of labour, equipment and construction materials, labour disputes, disputes with sub-contractors, industrial accidents, work stoppages arising from accidents or mishaps at the work site or delays in the delivery of construction materials and/or equipment by suppliers to sub-contractors. In the event of any delay in the completion of a project due to factors within the Company's control, it could be liable to pay liquidated damages under the contract and incur additional overheads that will adversely affect earnings and profit margins, thereby materially and adversely affecting financial condition and results of operations. Although the Company has not been made liable to pay any liquidated damages as of the date of this MD&A, there is no assurance that there will not be any delays in existing and future projects in resulting in the payment of liquidated damages that may have a material and adverse impact on the Company's business, financial condition and results of operations.

Defect claims and disputed variation orders can erode profitability

In the Company's business, claims may be made by customers against contractors or sub-contractors for defective works and/or non-compliance with contract specifications. It is also common for customers to retain a certain percentage of the contract sum as retention monies for the costs of rectifying any defective works which have not been rectified by the Company. Variation orders are usually additional works or changes requested by the customer for specifications not included in the original contract. In such circumstances, additional time would be given to the Company to complete the project. On certain occasions, the parties may agree that variation orders be performed before the costs for such additional works are finalised. Thus, the final values of such variation orders may be subject to dispute by customers. In such an event, additional costs resulting from variation orders that could not be charged to customers due to disputes would have to be absorbed by the Company. As a result of absorbing such costs, the Company may have to suffer lower profits or even losses for that project. As of the date of this MD&A, the Company has not experienced any material disputed variation orders or defect claims. However, there is no assurance that material disputed variation orders or defect claims will not arise in the future. In the event that the Company is required to bear any part of the variation costs or losses arising from defect claims, its financial performance may be adversely affected.

Reliance on suppliers and sub-contractors

The Company purchases architectural materials, engineering products, cleanroom, and other hardware and materials from suppliers. The Company also engages sub-contractors to provide various services at project sites, such as architectural works, mechanical and electrical installation, interior decoration and other specialist works. These suppliers and sub-contractors will be selected based on, amongst others, past working experience with them, their track record, pricing and their ability to meet quality and safety requirements and schedule. The Company cannot be assured that the products and services rendered by suppliers and sub-contractors will continue to be satisfactory to or that they will meet the quality requirements, specifications and time schedule for projects. In the event of any loss which arises from the default of the suppliers or sub-contractors engaged by the Company, it may not be able to pass such loss on to them. Furthermore, if there are any adverse changes in suppliers' and sub-contractors' conditions (financial or otherwise) which affect their ability to supply the products or carry out the work for which they were contracted for, and the Company is unable to find suitable alternative suppliers or sub-contractors in a timely manner and at comparable commercial terms, the Company may not be able to complete the project within the budget and time schedule. As a result, there may be cost overruns or the Company may incur liquidated damages, and financial performance will be affected.

SECURITIES CANCELLATION

The following table summarises the cancellation of common shares of the Company during the financial year ended December 31, 2023.

	Type of security	**Number of shares**	**Amount**
			S$
At the beginning of the year	Common shares	104,107,638	8,208,763
Shares being cancelled	Common shares	(41,068,437)	-
At the end of the year		**63,039,201**	**8,208,763**

On October 16, 2023, the Company has cancelled a total of 41,068,437 common shares that were previously issued to specific individuals comprising former management team members and shareholders (referred to as "Former Holders") pursuant to agreements of voluntary surrender, each signed between the Company and the Former Holders

CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that the Company is able to continue as a going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Group consists of equity attributable to owners of the Group, comprising issued share capital and unappropriated profit as disclosed in the statements of changes in equity.

The Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends to shareholders and return capital to shareholders or issue new shares. The Group's overall strategy remains unchanged from December 31, 2022.

FINANCIAL INSTRUMENTS

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

Risk management is integral to the whole business of the Company. The management continually monitors the Company'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 Company's activities.

There have been no changes to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposure is measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's credit risk arises mainly from bank balances and trade receivables. Bank balances are mainly deposits with banks with high credit-ratings and the Company does not expect the impairment loss from bank balances to be material, if any.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Liquidity risk

Liquidity risk refers to the risk in which the Company encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Company's operations are financed mainly through equity and borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

	Amount
Current Assets	S$4,019,252
Current Liabilities	S$1,870,656
Net Current Assets	S$2,148,596
Trade Receivables	S$804,578
Trade Payables	S$364,880
Net Working Capital	S$439,698

As at December 31, 2023, the Company's liquidity position is sound and it will be able to meet its short-term liabilities, including its interest-bearing loans with its current assets i.e. net current assets of S$2,148,596. In addition, the Company will have additional liquidity from the surrender value of its keyman insurance of S$442,245, which is currently pledged as a collateral for a loan.

The Company does not hold any significant inventory and it manages its working capital diligently in order to ensure the soundness of its short-term liquidity. As at December 31, 2023, the Company's net working capital position is S$439,698.

CAPITAL RESOURCES

Due to the nature of its business, the Company does not have long term capital commitment. For the year ended December 31, 2023, capital expenditure was only S$3,795. Hence, the Company will continue to rely on its existing bank balances, internally generated funds and existing loans to fund its operations and it does not have any immediate needs to secure capital resources in order to fund its capital expenditure.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any material undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of its operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources.

RELATED PARTY TRANSACTIONS

The effect of the Company's transactions and arrangements with related parties is reflected in consolidated financial statements.

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Company entered into the following transactions with related parties:

Key Management Remuneration

Key management personnel comprise the directors of the Group and the details of their remunerations are as follows:

	Three Months Ended December 31,		**Twelve Months Ended December 31,**	
	2023	2022	**2023**	2022
	S$	S$	**S$**	S$
Directors' remuneration	**199,750**	192,000	**640,250**	628,500
Central Provident Fund	**20,390**	19,965	**58,100**	57,675
Total	**220,140**	211,965	**698,350**	688,175

Related party transactions involve remuneration paid to the directors (Tee Ween Tan, Li Cun Kou, Patrick Sapphire, Zhang Yiwen, Ricky Ng, Tai Ruan Chiang). The business purpose of the transactions is for the directors to provide services as executives and independent director to the Company. Central provident fund payments relate to the Company's share of contribution mandated under Singapore's social security scheme. The recorded amounts align with agreed-upon amounts paid to the directors and mandated under Singapore's laws.

FOURTH QUARTER ENDED DECEMBER 31, 2023

For the fourth quarter ended December 31, 2023, the Company continues to complete the installation projects and maintenance contracts that it has secured throughout the year.

For financing activities, the Company made a S$100,000 early repayment under one of its banking facilities. The source of repayment is existing cash holdings and internally generated funds. Following the early repayment, the Company's bank borrowings is S$642,869, relative to its equity of S$3,081,479, for a debt to equity ratio of 0.21 times.

In addition, on October 16, 2023, the Company cancelled a total of 41,068,437 common shares that were previously issued to specific individuals comprising former management team members and shareholders (referred to as "Former Holders") pursuant to agreements of voluntary surrender, each signed between the Company and the Former Holders.

OTHER INFORMATION

Additional information about the Company is available at http://www.bytholdings.com and https://www.sedar.com.