C&N Holdings Limited
春能控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8430

2021
Annual Report

* For identification purpose only

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This report, for which the directors (the "Directors") of C&N Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (1) the information contained in this report is accurate and complete in all material respects and not misleading and deceptive; (2) there are no other matters the omission of which would make any statement herein or this report misleading; (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The original report is prepared in the English language. This report is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Chua Kang Lim
Ms. Chua Sui Feng
Ms. Fung Mee Kuen (appointed on 29 September 2021)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Wai Kin (appointed on 23 August 2021)
Ms. Lo Suet Lai (appointed on 29 September 2021)
Ms. Wong Shuk Yee Camilla (appointed on 26 January 2022)
Mr. Teo Dax Tak Sin (resigned on 29 September 2021)
Mr. Kwong Choong Kuen (resigned on 23 August 2021)
Ms. Grace Choong Mai Foong (resigned on 26 January 2022)

COMPANY SECRETARY

Mr. Lai Nga Ming Edmund

AUTHORISED REPRESENTATIVES

(for the purposes of the GEM Listing Rules)
Mr. Chua Kang Lim
Mr. Lai Nga Ming Edmund

AUTHORISED REPRESENTATIVES

(for the purposes of the Companies Ordinance)
Mr. Lai Nga Ming Edmund

AUDIT COMMITTEE

Mr. Cheung Wai Kin *(Chairman)*
Ms. Lo Suet Lai
Ms. Wong Shuk Yee Camilla

REMUNERATION COMMITTEE

Ms. Wong Shuk Yee Camilla *(Chairwoman)*
Mr. Cheung Wai Kin
Ms. Lo Suet Lai

NOMINATION COMMITTEE

Ms. Lo Suet Lai *(Chairwoman)*
Ms. Wong Shuk Yee Camilla
Mr. Cheung Wai Kin

REGISTERED OFFICE

Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

3 Soon Lee Street #06–03, Pioneer Junction, Singapore 627606

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21st Floor, CMA Building, 64 Connaught Road Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong

AUDITORS

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
24/F., Siu On Centre, 188 Lockhart Road, Wan Chai, Hong Kong

PRINCIPAL BANKER

DBS Bank Ltd
12 Marina Bay Boulevard, Level 3 Marina Bay Financial Centre Tower 3, Singapore 018982

COMPANY WEBSITE

www.cnlimited.com

STOCK CODE

8430

Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the board (the "Board") of directors (the "Directors") of C&N Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I present the annual results of the Group for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020.

The ongoing COVID-19 pandemic and the mutation of the COVID-19 virus continues to be a challenge for the supply chain. However, Singapore's economy grew 7.6 per cent in 2021 amid the COVID-19 pandemic, rebounding from a recession in 2020, advance estimates released by the Ministry of Trade and Industry. Our customers are mainly logistics service providers along the supply chain in Singapore. The cargoes that we transport for our customers include various types of plastic resin, scrap steel, paper products and others. These cargoes are mainly for import/export business, hence any disruptions in the global trade economy will directly impact our customers, and hence the Group.

REVIEW

Our Group's revenue comprised of revenue from provision of transport and storage services to the logistics industry in Singapore. For the year ended 31 December 2021, the revenue of the Group slightly decreased by approximately S$45,000 or approximately 0.2% to approximately S$26,219,000 compared to the year ended 31 December 2020.

In line with the decrease in revenue, the Group's gross profit decreased by approximately S$158,000 from approximately S$1,499,000 for the year ended 31 December 2020 to approximately S$1,341,000 for the year ended 31 December 2021. Gross profit margin decreased from 5.7% for the year ended 31 December 2020 to 5.1% for the year ended 31 December 2021. The decrease in gross profit margin is mainly due to competitive environment.

The Group recorded a loss for the year of approximately S$3,605,000 for the year ended 31 December 2021 compared to a loss for the year of approximately S$811,000 for the year ended 31 December 2020.

PROSPECTS

Considering 2022 to be an unprecedented year, Singapore is forecasting its gross domestic product ("GDP") forecast to grow at 3% to 5%. We have already witnessed the impact of COVID-19 on trade activities in 2021, and we believe that the economy and our Group is better prepared for any potential disruptions resulting. The coming year promises to continue to be a challenging and volatile year for the Group. Management is constantly monitoring the global trade economy and in constant discussion with our customers to understand the situation and their needs. Besides, in order to increase shareholder's return, the Group will put efforts to evaluate the feasibility of obtaining necessary licenses to carry out various transport management services to the logistics industry in other Asian countries.

APPRECIATION

On behalf of the Board, I would like to thank shareholders and our business partners, suppliers and customers for their continuous support to the Group. My heartfelt appreciation also goes to our management and colleagues for their dedication and valuable contributions to the Group in the past year. We will pragmatically develop our business and strive for the best return for our shareholders.

Chua Kang Lim
Chairman, executive Director and chief executive officer

28 March 2022

BUSINESS REVIEW

The Group is a provider of transport and storage services to the logistics industry in Singapore, offering trucking and hubbing services to the customers. Trucking services refer to the delivery of cargo, primarily containers, from our customers' designated pick up point to their designated delivery point. Hubbing services refer to the handling and storage of laden and empty containers at the Group's logistics yard or other locations designated by the customers.

Led by our experienced management team, we have developed a reputation as a reliable transport and hubbing services provider equipped with a large vehicle fleet that is capable of handling large volumes of customer orders.

The ongoing COVID-19 pandemic and the mutation of the COVID-19 virus continues to be a challenge for the supply chain. However, Singapore's economy grew 7.6 per cent in 2021 amid the COVID-19 pandemic, rebounding from a recession in 2020, advance estimates released by the Ministry of Trade and Industry. As our customers are mainly logistics service providers along the supply chain in Singapore, the cargo that we transport for our customers include various types of plastic resin, scrap steel, paper products and others. These cargoes are mainly for import/export business, hence any disruptions in the global trade economy will directly impact our customers, and hence the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue comprised of revenue from provision of transport and hubbing services to the logistics industry in Singapore. For the year ended 31 December 2021, the revenue of the Group slightly decreased by approximately S$45,000 or approximately 0.2% to approximately S$26,219,000 compared to the year ended 31 December 2020. The decrease was mainly attributable to the decrease in revenue from tracking services. The following table sets forth the revenue of the Group by revenue type for the periods indicated:

	2021		2020	
	S$'000	**%**	*S$'000*	*%*
Trucking services	**21,497**	**82.0**	21,673	82.5
Hubbing services	**4,722**	**18.0**	4,591	17.5
	26,219	**100.0**	26,264	100.0

Revenue from trucking services

Revenue from trucking services decreased by approximately S$176,000 to S$21,497,000 for the year ended 31 December 2021, representing a 0.8% decrease. The decrease was mainly the decrease in trade volume due to congestion across all nodes in the global supply chain (including depots, warehouses and seaports) due to renewed lockdowns, shortage of empty containers as laden ones are held up longer at these nodes, and volatile shipping lines' vessel sailing schedule.

Revenue from hubbing services

Revenue from hubbing services increased by 2.9% or approximately S$131,000. It is common for customers to request for us to truck the containers, and also provide storage space for these containers while waiting for vessels to arrive at port before we can truck the containers over for loading. Customers that require hubbing services are generally those whom have large volume in the import and export of goods, who are mainly freight forwarders and global logistics companies.

However, the increase/decrease in hubbing revenue will not be proportionate to the trend in revenue from trucking services due to the following reasons: (i) different customers and different job orders may have different service requirement, such as different sizes of containers and number of storage days, hence revenue earned will differ; and (ii) not all our customers require hubbing services.

For the year ended 31 December 2021, with the uncertainty in the global trade economy, there were numerous instances whereby our customers' vessels were delayed, or closure of destination ports that prevented timely shipping. These resulted in our customers hubbing their cargoes with us for extended periods of time, and hence the increase in revenue from hubbing services despite a decrease in revenue from trucking services.

Gross profit

The overall gross profit decreased from approximately S$1,499,000 for the year ended 31 December 2020 to approximately S$1,341,000 for the year ended 31 December 2021, mainly due to competitive environment. The overall gross profit margin decreased from 5.7% for the year ended 31 December 2020 to 5.1% for the year ended 31 December 2021. The table below sets forth a breakdown of gross profit and gross profit margin by revenue type for the periods indicated:

	2021		2020	
	S$'000	***Gross profit margin***	*S$'000*	*Gross profit margin*
Trucking services	**439**	**2.0**	604	2.8%
Hubbing services	**902**	**19.1**	895	19.5%
	1,341	**5.1**	1,499	5.7%

Gross profit from trucking services

The gross profit margin for trucking services decreased from approximately 2.8% for the year ended 31 December 2020 to approximately 2.0% for the year ended 31 December 2021 mainly due to the decrease in trade volume. As more than a third of the costs for trucking services pertained to fixed costs like wages and depreciation, a decrease in revenue will decrease the gross profit margin.

Gross profit from hubbing services

The gross profit margin for hubbing services decreased from 19.5% for the year ended 31 December 2020 to approximately 19.1% for the year ended 31 December 2021 mainly due to disruptions and port closures in the global and local trade economy. Subcontractors had to be engaged to store containers for extended days due to the vessel delays hence increasing cost.

Other income

Other income decreased by approximately S$804,000 from approximately S$1,547,000 for the year ended 31 December 2020 to approximately S$743,000 for the year ended 31 December 2021. The decrease was mainly attributed to the decrease of the receipt of government grants mainly from the Jobs Support Scheme in 2020 to help Singapore businesses during the COVID-19 period.

Administrative expenses

Administrative expenses comprised mainly of office expenses, staff costs, auditor's remuneration and compliance costs. Total administrative expenses increased to approximately S$5,970,000 for the year ended 31 December 2021 from approximately S$3,978,000 for the year ended 31 December 2020. The increase is mainly due to the share-based payment recognised in relation to the share options granted during the year.

Income tax credit

The Group's income tax credit increase from approximately S$190,000 to approximately S$399,000 for the year ended 31 December 2021. The increase in income tax credit is mainly due to the Group being in a taxable loss position.

Loss for the year

Due to the combined effect of the aforesaid factors, we recorded a loss of approximately S$3,605,000 for the year ended 31 December 2021, representing an increase of approximately S$2,794,000 as compared to the loss of approximately S$811,000 for the year ended 31 December 2020.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2021, the Group had total assets of approximately S$25,759,000 (2020: approximately S$28,784,000), which is financed by total liabilities and shareholders' equity (comprising share capital, share premium and retained earnings) of approximately S$4,850,000 (2020: approximately S$8,957,000) and approximately S$20,909,000 (2020: approximately S$19,827,000) respectively. The current ratio as at 31 December 2021 of the Group was approximately 4.2 times (2020: approximately 4.1 times).

As at 31 December 2021, the Group had cash and cash equivalents of approximately S$10,065,000 (2020: approximately S$11,644,000) which were placed with major banks in Singapore and Hong Kong.

The loans and borrowings of the Group as at 31 December 2021 was approximately S$2,397,000 (2020: approximately S$5,749,000). The gearing ratio (calculated based on loans and borrowings divided by total equity) of the Group as of 31 December 2021 was 11.5% (2020: 29.0%).

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains a large part of its proceeds from the Share Offer in Hong Kong dollars which contributed to a foreign exchange gain of approximately S$96,000 (2020: loss of approximately S$30,000) as Hong Kong dollars appreciated (2020: depreciated) against Singapore dollars.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Company's prospectus dated 6 October 2017 (the "Prospectus") and in this report, the Group did not have other plans for material investments or capital assets as of 31 December 2021.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended 31 December 2021, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Significant Investments Held

The Group did not hold any significant investments during the year ended 31 December 2021.

Contingent Liabilities

Performance guarantees were given by financial institutions and insurance companies on behalf of the Group to certain suppliers. The Group in turn, provides a counter indemnity to the financial institutions and insurance companies. The aggregate amount of the performance guarantees given by the financial institutions and insurance companies was S$695,000 as at 31 December 2021 (2020: S$660,000).

Capital Commitments

As at 31 December 2021, the Group had no capital commitment (2020: Nil).

Employee Information and Remuneration Policies

As at 31 December 2021, the Group had an aggregate of 170 employees (2020: 166).

The employees of the Group are remunerated according to their job scope and responsibilities. The local employees are also entitled to discretionary bonus depending on their respective performance. The foreign workers are employed on one or two year contractual basis and are remunerated according to their work skills.

Total staff costs, including Directors' emoluments, amounted to approximately S$10,255,000 for the year ended 31 December 2021 (2020: approximately S$9,166,000).

The Group did not experience any significant problem with our employees or disruptions to our operations due to labour disputes, nor did the Group experience any difficulty in the recruitment and retention of experienced employees. The Group continues to maintain a good relationship with our employees.

Comparison of business objectives with actual business progress

Business strategies up to 30 June 2019 as stated in the Prospectus	Implementation plan	Actual business progress up to 31 December 2021
Purchase new vehicles to expand our current transportation fleet capabilities	— Purchase of 30 units of Euro VI compliant prime movers and 40 units of trailers	The Group has purchased 11 units of Euro VI and 15 units of trailers.[1]
Purchase a new office to incorporate an increase in our workforce	— Purchase an industrial unit with area of around 1,000 square feet located at Pioneer Junction as additional office space	The Group has purchased an office unit located at Pioneer Junction.[2]
	— Renovation of the new office	
Strengthen our information technology system	— Obtain quotation, finish installation and implementation test of tailor-made container tracing system	The Group has finished installation of the system.
	— Obtain quotation, finish installation and implementation test of tailor-made enterprise resources planning system	The Group has finished installation of the system.
	— Obtain quotation, purchase and finish installation and set-up of computer work stations, servers and ancillary equipment	The Group has purchased and finished installation and set-up of computer work stations servers and ancillary equipment.
Expand our workforce to support our business expansion	— Hire one financial controller and two finance executives in finance department, and three operation staffs in operation departments	The Group has hired a financial controller, finance executives and three operation staffs.
	— Hire additional 27 experienced truck drivers, with recruitment cost for the new workforce	The Group has hired 27 drivers, not factoring those drivers with a short turnover.

1 As at 30 June 2019, approximately HK$26,062,000 was allocated for the enhancement of capacity for transport and storage services through acquisition of new vehicles. As stated in the Prospectus, the Group intended to use the net proceeds to acquire Euro VI compliant prime movers that are more environmentally friendly. Based on our initial understanding, Euro VI compliant prime movers was set to come into force in Singapore from 1 January 2018. However, Euro VI was only available in the market in the fourth quarter of 2018.

In addition, being in the transportation business, the Group is dependent on the global trade movement. A number of the Group's customers had either put their expansion plans on hold or reduced the sales volume to the Group. Seeing the uncertainty of business volume from our customers and current fleet utilisation rate, management decided to monitor market conditions and wait for better visibility on our customers' growth. As such, acquisition of 10 units of Euro VI was made in 2019, after its introduction in the market in the last quarter of 2018. The Group has also purchased 10 units of trailers. During the year ended 31 December 2021, the Group has also purchased 1 Unit of Euro VI and 5 units of trailers. The Group will continue to monitor the market to time the acquisition of the remaining vehicles with the expected completion date in end of 2022.

2 As at 30 June 2019, approximately HK$2,619,000 was allocated for the purchase of a new office to incorporate an increase in our workforce. Up to the date of the report, the Group has completed the purchase in June 2021.

Use of Proceeds from Share Offer

	Planned use of proceeds as shown in the Prospectus (adjusted on a pro rata basis based on the actual net proceeds)	Amount of the net proceeds utilised up to 31 December 2017	Amount of the net proceeds utilised up to 31 December 2018	Amount of the net proceeds utilised up to 31 December 2019	Amount of the net proceeds utilised up to 31 December 2020	Amount of the net proceeds utilised up to 31 December 2021	Unutilised amount as at 31 December 2021[1]
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Enhancement of capacity for transport and storage services through acquisition of new vehicles	26,062	–	–	8,823	8,823	10,053	16,009
Expansion and enhancement of workforce to support increased business activities	7,923	336	4,544	7,923	7,923	7,923	–
Information technology enhancement to support business activities	4,147	–	–	4,147	4,147	4,147	–
Purchase of office to incorporate an increase in workforce	2,619	–	–	–	–	1,840	779
Working capital and other general	2,365	2,365	2,365	2,365	2,365	2,365	–
	43,116	2,701	6,909	23,258	23,258	26,328	16,788

1 The unused proceeds are deposited in a licensed bank in Hong Kong.

As at the date of this report, the Board does not anticipate any changes to the plan as to the use of proceeds.

Use of Proceeds from the Placing

On 21 June 2021, the net proceeds from the placing, after deduction of the professional fee and other related expenses, are approximately HK$14.6 million. The Company intends to apply the entire net proceeds from the Placing for the general working capital of the Group as follows: (i) approximately 70% of the net proceeds, or approximately HK$10.2 million will be applied for the staff costs; and (ii) approximately 30% of the net proceeds, or approximately HK$4.4 million will be applied for the professional expenses and office expenses, including office maintenance and telecommunications. As at 31 December 2021, the net proceeds from the placing is used as intended.

Prospects

2021 has been a challenging year for the Group, with the COVID-19 pandemic causing great uncertainty to the general economic and market conditions in Singapore and the industry in which we operate. The global economic recovery faces risks from mounting price pressures due to supply chain disruptions, shortage of shipping containers and rising energy costs amid tensions involving Russia and Ukraine. Besides, persistent supply chain bottlenecks, alongside rising energy prices due to geopolitical tensions, have also exacerbated global inflationary pressures. This has affected our business operations to a large extent.

While the Singapore's economy grew by 7.6% in 2021, Singapore is expecting recovery and forecasted its gross domestic product (GDP) to grow at 3% to 5% in 2022 with the opening of the global markets. Management is continuously monitoring the situation and in constant discussion with our customers to understand their changing business needs. Additionally, the Group continues to strive to provide customers with timely delivery and storage of their containers, execute our growth strategy in the industry, as well as enhance overall competitiveness and market share in Singapore.

The future plans of the Group are detailed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As disclosed in the Prospectus, the Company expects to: (a) maintain growth in the industry and enhance overall competitiveness and market share in Singapore; (b) increase service capacity through the acquisition of new vehicles; (c) enhance and expand the Group's workforce to keep up with the Group's business expansion; (d) purchase a new office to incorporate an increase in workforce; and (e) enhance the Group's information technology system. With the uncertainty in the global trade economy, the Group is cautious with its expansion plans.

Pledge of Assets

As at 31 December 2021, the carrying amounts of the Group's properties and bank deposits of S$853,878 and S$503,642 respectively were pledged for the Group's secured bank loans.

Share Option Scheme

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the sole shareholder of the Company by way of written resolutions passed on 25 September 2017. Details of the Share Option Scheme can be found on pages 55 to 57 of this annual report.

Movements in the share options granted under the Share Option Scheme during the year ended 31 December 2021 is set out below:

	Date of grant	Exercisable period	Exercise price *HK$*	Closing price per share immediately before the date of grant *HK$*	No. of options granted during the year ended 31 December 2021	No. of options exercised during the year ended 31 December 2021	No. of options outstanding as at 31 December 2021	Approximate percentage of the underlying shares for the options in the issued shares of the Company as at 31 December 2021
Mr. Chua Kang Lim ("Mr. Chua")	21 May 2021	21 May 2021 to 20 May 2024	0.285	0.285	6,400,000	(6,400,000)	–	0.82%
Ms. Chua Sui Feng	21 May 2021	21 May 2021 to 20 May 2024	0.285	0.285	6,400,000	(6,400,000)	–	0.82%
Employees (note 1)	21 May 2021	21 May 2021 to 20 May 2024	0.285	0.285	51,200,000	–	51,200,000	6.56%
Total					64,000,000	(12,800,000)	51,200,000	8.20%

Note:

1. Options have been granted to 8 employees. Each of them have 6,400,000 Options.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Chua Kang Lim ("K L Chua"), aged 67, founder of our Group, is our executive Director, chief executive officer and the chairman of our Board. He has been a director of CA Transportation since February 1992 and a director of Nexis Logistics since April 2003, which are the Company's subsidiaries. He is also a director of New Pine Global Limited, which is also the Company's subsidiary. Mr. K L Chua is responsible for the overall strategic planning and business development of our Group.

Mr. K L Chua has over 29 years of experience in the logistics industry in Singapore. Prior to the establishment of our Group, Mr. K L Chua was involved in business of packing and crating services. Mr. K L Chua was a partner of Teng Lee Packing Co from September 1982 to October 1992, an owner of K. L. Chua Container Service from March 1994 to June 2013 and a director of Teng Lee Packing Co Pte Ltd from October 1992 to May 2012 respectively and involved in their business operation and management. As (i) Teng Lee Packing Co engaged in the business of providing freight forwarding services and wholesale of logs, (ii) K. L. Chua Container Service engaged in the business of providing freight and container services, and (iii) Teng Lee Packing Co Pte Ltd engaged in the business of providing freight and warehousing services, Mr. K L Chua gained experience in management skills and knowledge of freight logistics business.

Mr. K L Chua is the father of both Ms. S F Chua, an executive Director of our Company, and Ms. S H Chua, our Purchasing and Human Resources Director. Mr. K L Chua is also the elder brother of Mr. C H Chua, our Senior Sales Manager.

Ms. Chua Sui Feng ("S F Chua"), aged 42, is our executive Director. She joined our Group in May 2003 and has over 17 years of experience in the transport and storage industry. Ms. S F Chua is responsible for overall management of daily operations and business development in relation to our Group's business operations.

Prior to working in the transport and storage industry, Ms. S F Chua had worked as an assistant IT architect of Commerce Exchange Pte Ltd from May 2000 to November 2000. Ms. S F Chua obtained a Diploma in Multimedia Computing from Ngee Ann Polytechnic in August 2000. Ms. S F Chua subsequently graduated from the Queensland University of Technology, with a Bachelor of Information Technology in February 2002.

Ms. S F Chua is the daughter of Mr. K L Chua, our executive Director. Ms. S F Chua is also the younger sister of Ms. S H Chua, our Purchasing and Human Resources Director.

Ms. Fung Mee Kuen ("Ms. Fung"), aged 61, is our executive Director. Ms. Fung has over 20 years' experience in sales and marketing, management and finance industry. She is experienced in financial investment and human resources management. She was a senior management of a sizable finance company which responsible for the risk management, business development, finance and internal control.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Wai Kin ("Mr. Cheung"), aged 39, is our independent non-executive Director appointed on 23 August 2021. Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants and he has over 14 years accounting and auditing experience. Since 27 September 2017, Mr. Cheung has been appointed as the independent non-executive director of Capital VC Limited (Stock Code: 2324), securities of which are listed on the main board of the Stock Exchange.

Ms. Lo Suet Lai ("Ms. Lo"), aged 33, is our independent non-executive Director appointed on 29 September 2021. Ms. Lo graduated from Hong Kong Shue Yan University with Bachelor of Commerce (Honours) in Accounting. Prior to joining the Group, Ms. Lo worked in two international accounting firms in Hong Kong and the accounting work in Wanjia Group Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 401). Ms. Lo is presently acting as a director in a Hong Kong private consultancy company. She has years of accounting and auditing experiences. Since 12 September 2016, Ms. Lo has been appointed as the independent non-executive director of China e-Wallet Payment Group Limited (Stock Code: 802), securities of which are listed on the Main Board of the Stock Exchange.

Ms. Wong Shuk Yee Camilla ("Ms. Wong"), aged 51, is our independent non-executive Director appointed on 26 January 2022. Ms. Wong graduated from The University of Birmingham with Master of Social Science (Money Banking and Finance). Ms. Wong has over 12 years of financial planning and management experiences. She is the member of The Chinese Institute of Certified Financial Planners and Institute of Financial Planners of Hong Kong and she also qualified as Life Underwriter Training Council Fellow.

SENIOR MANAGEMENT

Mr. Chua Chin Ho ("C H Chua"), aged 57, is our Sales Director and joined our Group in January 2015 and is primarily responsible for the sales and marketing activities of our Group. Mr. C H Chua graduated with a Diploma in Business Administration from the PSB Academy in 2001. Mr. C H Chua has over 29 years of experience in the logistics industry. Prior to joining our Group, he was a sales manager in Chun Logistics Pte Ltd. Mr. C H Chua is the younger brother of Mr. K L Chua, our executive Director.

Ms. Chua Shu Hui ("S H Chua"), aged 43, is our Purchasing and Human Resources Director and joined our Group in June 2011 and is primarily responsible for the purchasing and human resource matters of our Group. Ms. S H Chua graduated with a Diploma in Business Administration and Marketing from the TMC Business School in August 1997. Ms. S H Chua has over 21 years of relevant experience in the transportation industry. Ms. S H Chua is the daughter of Mr. K L Chua, our executive Director. Ms. S H Chua is also the elder sister of Ms. S F Chua, our executive Director.

Mr. Toh Hwa Keong, aged 43, is our Full Container Load ("FCL") Operations Manager and joined our Group in November 2003 and is primarily responsible for the FCL operations of our Group. He graduated with a Diploma in Electronics, Electrical and Communications Engineering from Singapore Polytechnic on 26 May 1997. Mr. Toh Hwa Keong has over 16 years of relevant experience in the transportation services industry.

COMPANY SECRETARY

Mr. Lai Nga Ming Edmund ("Mr. Lai"), aged 38, is the company secretary of our Company. Mr. Lai does not act as an individual employee of our Company, but as an external service provider. Mr. Lai is the company secretary of Luxxu Group Limited (stock code: 1327), the shares of which are listed on the main board of the Stock Exchange, since November 2016. He has also been an independent non-executive director of Founder Holdings Limited (stock code: 418), the shares of which are listed on the main board of the Stock Exchange, since April 2020. He has also been an independent non-executive director of Peking University Resources (Holdings) Company Limited (Stock Code: 618), the shares of which are listed on the main board of the Stock Exchange, from April 2020 to September 2021. Mr. Lai received a Bachelor of Arts (Honours) in Accountancy from The Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants. He has accumulated extensive experience in auditing and accounting by working in various international firms of Certified Public Accountants, listed and multinational companies in Hong Kong such as Grant Thornton Hong Kong, BDO Hong Kong and SDM Group Holdings Limited (stock code: 8363), the shares of which are listed on GEM of the Stock Exchange.

COMPLIANCE OFFICER

Mr. K L Chua is an executive Director and the compliance officer of the Company. His biographical details and professional qualifications are set out on page 12 of this annual report.

The Board believes that good corporate governance is essential for efficient and effective management of our business to safeguard the interest of our stakeholders and achieve the highest return for our shareholders.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 15 of the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code from 1 January 2021 to 31 December 2021, except for Code Provision A.2.1 of the CG Code — segregation of the roles of chairman and chief executive officer.

Details of the corporate governance practices in compliance with the CG code under the principle of "Comply or Explain" are set out in this Corporate Governance Report, which is reviewed and approved by the Board.

REQUIRED STANDARD OF DEALINGS FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). The Company had made specific enquiries with all the Directors and each of them had confirmed his/her compliance with the Required Standard of Dealings during the year ended 31 December 2021.

NON-COMPETITION UNDERTAKING

Ventris Global Limited and Mr. Chua, Kang Lim (collectively, the "Controlling Shareholders") entered into a deed of non-competition dated 3 October 2017 in favour of the Company and the subsidiaries (the "Deed of Non-competition").

Pursuant to the Deed of Non-competition, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of the subsidiaries), among others, that during the continuation of the Deed of Non-competition, it or he would not, and would procure that its or his close associates (other than any member of our Group) would not, whether on its or his own account or in conjunction with or on behalf of any person, firm or company, whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to the provision of transport and storage services to the logistics industry in Singapore and business ancillary to any of the foregoing), in Hong Kong, Singapore and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on such business from time to time (the "Restricted Business").

Each of the Controlling Shareholders has further undertaken that if each of the Controlling Shareholders and/or any of its/his close associates is offered or becomes aware of any project or new business opportunity that related to the Restricted Business, it/he shall promptly notify the Company in writing and the Group shall have a right of first refusal to take up such opportunity.

For details of the Deed of Non-competition, please refer to the section headed "Relationship with our Controlling Shareholders — Deed of Non-competition" in the Prospectus.

The Company has received a written confirmation from the Controlling Shareholders that they have complied with the terms of the Deed of Non-Competition since the date of listing of the share of the Company on GEM (the "Listing Date") and up to the date of this annual report. The independent non-executive Directors have also reviewed the status of compliance and written confirmation from the Controlling Shareholders, and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by each of the Controlling Shareholders since 1 January 2021 and up to the date of this annual report.

THE BOARD OF DIRECTORS

The Board is comprised of six members, with three executive Directors ("ED") and three independent non-executive Directors ("INED") as presented in below table. The Board considers that it has fulfilled the principles and requirements set out in code provision A.1.1.

				No. of Attendance/ No. of Meeting		
	Name	Role	Years of Services	AGM	EGM	Board Meeting
1	Mr. Chua Kang Lim	Chairman & CEO	5 years	1/1	1/1	14/14
2	Ms. Chua Sui Feng	ED	5 years	1/1	1/1	14/14
3	Ms. Fung Mee Kuen (appointed on 29 September 2021)	ED	0.3 years	0/0	0/0	1/1
4	Mr. Kwong Choong Kuen (resigned on 23 August 2021)	INED	4.7 years	1/1	1/1	10/10
5	Mr. Teo Dax Tak Sin (resigned on 29 September 2021)	INED	4.7 years	1/1	1/1	12/12
6	Ms. Grace Choong Mai Foong (resigned on 26 January 2022)	INED	5 years	1/1	1/1	14/14
7	Mr. Cheung Wai Kin (appointed on 23 August 2021)	INED	0.3 year	0/0	0/0	3/3
8	Ms. Lo Suet Lai (appointed on 29 September 2021)	INED	0.3 year	0/0	0/0	1/1
9	Ms. Wong Shuk Yee Camilla (appointed on 26 January 2022)	INED	0.1 year	0/0	0/0	0/0

The board meetings, extraordinary general meeting and annual general meeting are chaired by our Chairman, Mr. Chua, Kang Lim.

On an annual basis, the Directors must disclose to the Company the number and nature of offices they hold in public companies or organizations and/or other significant commitments. The Board is of the view that all our Directors have devoted sufficient time and attention to their duties and the Company's affairs.

Chairman and Chief Executive Officer

Code Provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Chua Kang Lim is acting as the chairman and the chief executive officer.

In view of Mr. Chua Kang Lim being the founder of the Group, and his responsibilities in corporate strategic planning and overall business development as mentioned above, the Board believes that it is in the interests of both our Group and our Shareholders to have Mr. K L Chua taking up both roles for effective management and business development. Therefore, the Directors consider the deviation from Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules to be appropriate in such circumstance.

The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of the chairman and chief executive officer is necessary.

Directors' Independence

The Board has reviewed the relationship among all Directors and is satisfied that they are independent from any financial, business, family or other material/relevant relationship(s), except for the fact that our Chairman, Mr. Chua Kang Lim is the father of our Executive Director, Ms. Chua Sui Feng.

Each independent non-executive director has provided their annual independence confirmations based on which the Board is satisfied that all independent non-executive directors are independent and in compliance with with the independence guidelines set out in the GEM Listing Rules 5.09.

Directors' Training and Continuous Professional Development

Directors are aware of Code Provision A.6.5 regarding continuing professional development programme for directors. Every director is required to keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Company.

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the GEM Listing Rules and other relevant regulatory requirements.

The Directors are regularly updated and apprised of the amendments to or updates on the relevant laws, rules, regulations and guidelines, particularly the effects of such new or amended laws, rules, regulations and guidelines on directors specifically, and the Company and the Group generally. On an ongoing basis, Directors are encouraged to keep up-to-date on all matters relevant to the Group and to attend briefings, seminars and relevant training courses as appropriate.

During the year ended 31 December 2021, all Directors have participated in continuing professional development by attending training courses organised by the Company and reading relevant materials on topics related to corporate governance and regulatory matters. The Directors have confirmed that they have received the trainings as follows:

Name of Directors	Type of trainings
Mr. Chua Kang Lim	A, B
Ms. Chua Sui Feng	A, B
Ms. Fung Mee Kuen (appointed on 29 September 2021)	A, B
Mr. Kwong Choong Kuen (resigned on 23 August 2021)	A, B
Ms. Grace Choong Mai Foong (resigned on 26 January 2022)	A, B
Mr. Teo Dax Tak Sin (resigned on 29 September 2021)	A, B
Mr. Cheung Wai Kin (appointed on 23 August 2021)	A, B
Ms. Lo Suet Lai (appointed on 29 September 2021)	A, B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Directors' Responsibilities and Accountabilities

The Board is ultimately responsible for formulating the Group's strategy, developing sustainable business, maintaining a well-balanced and diversified board, preparing true and fair financial statements, and other functions and matters assigned to the Board as set out in the GEM Listing Rules and Articles of Association of the Company.

It is our policy that important matters, such as entering into major contracts and transaction, providing or accepting financial assistance and guarantee must be reserved to the decisions of Board pursuant to the Articles of Association and internal policies of the Company. In overall, the Directors of Board are well aware that they must act in the best interest of the Group and its shareholders.

Our executive director and other senior management of the Group is responsible for the daily management, the execution of Board's decision and plan and the implementation of risk management and internal controls.

Corporate Governance Function

The Board, as a whole, is responsible for the Corporate Governance function of the Group. The main responsibilities include:

(a) Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) Review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and

(e) Review the Company's compliance with the corporate governance code and disclosure in the Corporate Governance Report of the Company.

Directors' Rights

The Directors may, where appropriate, seek independent professional advice for performing their duties of the Group, at the expense of the Group. Directors shall disclose the details of their other duties to the Group and the Board of Directors regularly reviews the contributions of the Directors in the discharge of their duties with the Group.

Directors' Terms of Appointment

All executive Directors, non-executive Directors and independent non-executive Directors are appointed for a specific initial term of three years, subject to re-election or earlier determination in accordance with the Company's Articles of Association and/or applicable laws and regulations.

At each annual general meeting one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Directors' Insurance Coverage

The Company has in place appropriate insurance coverage on Directors' liabilities in respect of any legal actions taken against Directors out of corporate activities. The insurance coverage is reviewed on an annual basis by the Company.

BOARD COMMITTEES

The Board has established three Board Committees, namely the Audit Committee (the "Audit Committee"), the Remuneration Committee (the "Remuneration Committee") and the Nomination Committee (the "Nomination Committee"). All three Board Committee are established, empowered and accountable for duties under relevant terms of references which are available on the Company's and HKEx's websites.

Our Company Secretary is also the company secretary of three Board Committees and is responsible for maintaining full minutes of the three Board Committees which are open for inspection at any reasonable time on reasonable notice by any of our director.

Audit Committee

The Board has established an Audit Committee, composing of three independent non-executive Directors, in compliance with the code provision of the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules.

The Audit Committee's written terms of reference is adopted on 14 October 2017 and revised on 31 December 2018. The Audit Committee should hold four regular meetings in a year and the necessary quorum shall be at least two, including an independent non-executive Director. Mr. Cheung Wai Kin is the chairman of the Audit Committee and has professional qualifications and experience in accounting and financial management as stipulated in the GEM Listing Rules.

For the financial year ended 31 December 2021, the Audit Committee has fulfilled its main responsibilities including, but not limited to:

1. Review and monitor the relationship with the Company's auditors, including being acting as the key representative body for overseeing the Company's relations with the external auditor, and to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of their resignation or dismissal;

2. Review of the Company's financial information, including monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports, and reviewing significant financial reporting judgments contained in them before submission to the Board.

3. Oversight of the Company's financial reporting system, risk management and internal control systems, including but not limited to:

   (a) Review the Company's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;

   (b) Discuss the risk management and internal control systems with management to ensure that management has performed its duty to have risk management and effective systems;

   (c) Review the Company and its subsidiaries' financial and accounting policies and practices;

   (d) Ensure the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and

   (e) Review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response.

For the financial year ended 31 December 2021, the Audit Committee has held 6 meetings and the attendance of the members is as follows:

The Audit Committee	**Position**	**Key Qualification, Experience or Expertise**	**No. of Attendance/ No. of Meeting**
Mr. Cheung Wai Kin (appointed on 23 August 2021)	Chairman	Member of the Hong Kong Institute of Certified Public Accountant	2/2
Mr. Kwong Choong Kuen (resigned on 23 August 2021)	Chairman	Chartered Accountant of Singapore	4/4
Ms. Lo Suet Lai (appointed on 29 September 2021)	Member	Financial services experience	1/1
Mr. Teo Dax Tak Sin (resigned on 29 September 2021)	Member	Chartered Accountant of Singapore	5/5
Ms. Grace Choong Mai Foong (resigned on 26 January 2022)	Member	Financial services experience	6/6

The chairman of the Committee or in his absence, another member of the Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the Annual General Meeting on the Committee's work and responsibilities.

Remuneration Committee

The Board has established a Remuneration Committee, composing of three independent non-executive Directors, in compliance with the code provision of the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules.

The Remuneration Committee's written terms of reference is adopted on 14 October 2017. The Remuneration Committee should meet at least once a year and the necessary quorum shall be at least two, including an independent non-executive Director. The Company adopts a remuneration committee model set out in B.1.2 (c) (i) of Appendix 15 of the GEM Listing rules.

For the financial year ended 31 December 2021, the Remuneration Committee has fulfilled its main responsibilities including, but not limited to:

1. Make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. Review and approve the senior management's remuneration proposals with reference to the Board's corporate goals and objectives;

3. Make recommendations to the Board on the remuneration packages of executive directors, non-executive directors and senior management;

4. Ensure that no director or any of his associates is involved in deciding his own remuneration.

For the financial year ended 31 December 2021, the Remuneration Committee has held four meetings.

The Remuneration Committee	Position	Key Qualification, Experience or Expertise	No. of Attendance/ No. of Meeting
Ms. Grace Choong Mai Foong (resigned on 26 January 2022)	Chairwoman	Financial services experience	4/4
Mr. Cheung Wai Kin (appointed on 23 August 2021)	Member	Member of the Hong Kong Institute of Certified Public Accountant	1/1
Mr. Kwong Choong Kuen (resigned on 23 August 2021)	Member	Chartered Accountant of Singapore	2/2
Ms. Lo Suet Lai (appointed on 29 September 2021)	Member	Financial services experience	0/0
Mr. Teo Dax Tak Sin (resigned on 29 September 2021)	Member	Chartered Accountant of Singapore	3/3

The chairwoman of the Committee or in her absence, another member of the Committee or failing this, her duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the Annual General Meeting on the Committee's work and responsibilities.

Nomination Committee

The Board has established a Nomination Committee, composing of three independent non-executive Directors, in compliance with the code provision of the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules.

The Nomination Committee's written terms of reference is adopted on 14 October 2017 and revised on 31 December 2018. The terms of reference requires that the Nomination Committee should meet at least once a year and the necessary quorum shall be at least two, including an independent non-executive Director.

For the financial year ended 31 December 2021, the Nomination Committee has fulfilled its main responsibilities including, but not limited to:

1. review the structure, size and composition (including the gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with due regard to the diversity of the Board;

2. identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. assess the independence of INEDs;

4. Implement and review the board diversity policy (the "Board Diversity Policy"), as appropriate, recommend any revisions of the Board Diversity Policy to the Board; review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and disclose the Board Diversity Policy or a subsidiary of such policy, in particular, the measurable objectives that it has set for implementing the Board Diversity Policy and the progress on achieving the objectives and its review results in the Company's corporate governance report annually; and

5. Develop, review and disclose the policy for nomination of directors (the "Nomination Policy"), as appropriate, in the Company's corporate governance report annually. The Nomination Policy shall set out, inter alia, the nomination procedures, process and criteria to select and recommend candidates for directorship.

For the financial year ended 31 December 2021, the Nomination Committee has held four meetings.

The Nomination Committee	Position	Key Qualification, Experience or Expertise	No. of Attendance/ No. of Meeting
Ms. Lo Suet Lai (appointed on 29 September 2021)	Chairwoman	Financial services experience	0/0
Mr. Teo Dax Tak Sin (resigned on 29 September 2021)	Chairman	Chartered Accountant of Singapore	3/3
Mr. Cheung Wai Kin (appointed on 23 August 2021)	Member	Member of the Hong Kong Institute of Certified Public Accountant	1/1
Mr. Kwong Choong Kuen (resigned on 23 August 2021)	Member	Chartered Accountant of Singapore	2/2
Ms. Grace Choong Mai Foong (resigned on 26 January 2022)	Member	Financial services experience	4/4

The chairman of the Committee or in his absence, another member of the Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the Annual General Meeting on the Committee's work and responsibilities.

Nomination Policy

The Board has established key principles, selection criteria and procedures to select and recommend suitable candidates for directorship. The Nomination Committee shall consider a variety of factors in assessing the suitability of a proposed candidate, including but not limited to the following criteria:

(a) Board Diversity Policy;

(b) Reputation;

(c) Independence;

(d) Commitment to the Group; and

(e) Qualification, experience and achievements that are relevant and appropriate to the Group's business;

(f) any other relevant and significant factors as may be considered by the Board.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board as an essential element to improving governance and performance, and to creating a competitive advantage. In designing the Board's composition, measurable objectives of the board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

The Board, through the Nomination Committee, review the structure, size and composition of the Board from time to time to ensure that it has a balanced composition of skills and experience appropriate to the requirements of the Company's business, with due regard to the benefits of diversity of the Board.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are aware of their obligations to prepare true and fair financial statements on an on-going basis in accordance in accordance with applicable statutory requirements and accounting standards.

The Directors are not aware of any material uncertainties that may affect the business of the Group or raise significant questions about the Group's ability to operate on an on-going basis.

COMPANY SECRETARY

Mr. Lai Nga Ming Edmund is the company secretary of the Company as appointed pursuant to Rule 5.14 of the GEM Listing Rules.

Mr. Lai does not act as an individual employee of the Company, but as an external service provider. Pursuant to paragraph F.1.1 of the CG Code, the Company can engage an external service provider as its company secretary, provided that the Company should disclose the identity of a person with sufficient sensitivity at the Company whom the external provider can contact, in this respect, the Company has nominated Ms. Chua Sui Feng, an executive Director, as its contact point for Mr. Lai. Mr. Lai has taken no less than 15 hours of relevant professional training for the year ended 31 December 2021.

DIVIDEND POLICY

Provided that the Group is profitable and without affecting the normal operations of the Group, the Company may consider to declare and pay dividends to the shareholders of the Company.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account various factors, which include, but are not limited to, the operating results and performance, cash flow, financial position, capital requirements and future prospects of the Group, as well as the interests of the shareholders of the Company. Declaration and payment of dividend by the Company are also subject to the laws of the Cayman Islands, the memorandum and articles of association of the Company and any applicable laws, rules and regulations.

For the avoidance of doubt, there can be no assurance that a dividend will be proposed or declared in any specific period. The Board will review the Dividend Policy on a regular basis. Any dividend will be subject to shareholders' approval.

AUDITOR'S STATEMENT AND REMUNERATION

A statement by the Group's auditors on their reporting obligations in respect of the Group's financial statements for the year ended 31 December 2021 is set out in the "Report of the Independent Auditor" section of the annual report.

The remuneration of external auditors of the Company, McMillan Woods (Hong Kong) CPA Limited (2020: Ernst & Young), in respect of audit services and non-audit services for the year ended 31 December 2021 is set out below:

	Fees paid/payable	
Services Rendered:	**2021**	2020
	S$000	*S$000*
Annual audit services	**109**	167
Non-audit services	**–**	13
Total	**109**	180

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for identifying, evaluating, and monitoring key risks associated with its financial, operational and compliance activities. It is also committed to establishing an effective risk management and internal control systems to manage the Group's key risk to a reasonable level.

The Management of the Company adopts a risk assessment process to identify and evaluate key risks or concerned areas in accordance to the significance of effect and likelihood of occurrence. The Board and Audit Committee have reviewed risk assessment, designed and implemented relevant risk responses and internal controls.

The Group does not have an internal audit department. The Board and the Audit Committee have reviewed the need for an internal audit function and consider it more cost-effective to appoint external independent professionals to independently review and continuously evaluate the Group's internal monitoring systems and risk management systems, taking into account the size and nature of the Group. The Board will review the need for an internal audit function at least once a year.

For the financial year ended 31 December 2021, the Company has engaged an independent internal control consultant firm (the "Internal Control Consultant") to review the key business process and internal control systems, policies and procedures from financial, operational and compliance aspects and in accordance to the approved risk assessment and internal audit plan. The Internal Control Consultant has also submitted its independent report, inclusive of the findings and recommendations, to the Board and Audit Committee.

The Board and the Audit Committee hold a view that the risk management and internal control system of the Group are effective and adequate based on their review of report submitted by the Internal Control Consultant, the confirmation they obtained from management on the effectiveness of the Group's risk management and internal control systems, their own understanding of the Company's key risks, policies and procedures, and all other important facts and information known to them.

Inside Information Procedures

The Company has established the following inside information procedure pursuant to the Securities and Futures Ordinance (Cap. 571) (the "SFO") Part XIVA.

1. The Directors and senior management of the Company shall establish an effective system to identify and report inside information that is specific about the Company, not generally known to the public and that has impact on the price of the Company's securities;

2. The Directors, as soon as they are aware of any inside information, shall assess the information and document the process and result of the assessment, particularly in relation to the disclosure and confidentiality requirement;

3. The Directors and senior management and any relevant persons who might have access to the inside information shall not to deal in the Company's securities when they are in possession of unpublished inside information;

4. The Directors and senior management and any relevant persons who might have access to the inside information shall take reasonable due care for safeguarding the confidentiality of unpublished inside information;

5. The Directors shall ensure timely, fair and comprehensive dissemination of inside information, in principle of maintaining a fair and informed market, including issuing announcements and/or requesting trading halt in situation of unexpected and significant event.

SHAREHOLDERS' RIGHT

The Group is dedicated in providing shareholders and investors with accurate and timely information regarding the Group's financial and operational performance, important development and major events through annual, interim reports and announcements. All published information is uploaded to the Group's website at https://www.cnlimited.com/.

Right to Convening an Extraordinary General Meeting

The procedure to convene an extraordinary general meeting is set out in the Article of the Company effective from 18 October 2017. The Board may whenever it thinks fit call extraordinary general meetings. Any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Right to make enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at the Company's principal place of business in Hong Kong: 21st Floor, CMA Building, 64 Connaught Road Central, Hong Kong. Shareholders may also make enquiries to the Board at the general meeting of the Company.

In addition, shareholders can contact Union Registrars Limited, the branch share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

Procedures for putting forward proposals at shareholders' meetings

To put forward proposals at a shareholders' meeting of the Company, a shareholder should lodge a written notice of his/her proposal with his/her detailed contact information at the Company's principal place of business in Hong Kong. The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the proposal in the agenda for the general meeting.

INVESTORS' RELATIONSHIP

During the period from Listing Date to 31 December 2021, there had been no significant change in the Company's constitutional documents. The Articles of Association of the Company are available on the websites of the Company and The Stock Exchange.

OUR VISION FOR SUSTAINABILITY

This Environmental, Social and Governance Report (the "ESG Report") issued by C&N Holdings Limited ("C&N", the "Company", or "We") outlines the initiatives, policies, data and relevant Key Performance Index ("KPI") of the Company and its subsidiaries (collectively referred to the "Group") in supporting our sustainable development and the performance from the Environmental, Social and Governance ("ESG") aspects.

We have a goal to be a responsible enterprise which is dedicated in continuously improving our business and operation, and manage relevant and material issues of our business with respect to sustainability.

The Group has complied with all the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("SEHK"). We also include a complete index of compliance with the ESG Reporting Guide at the end of the ESG Report for reference.

REPORTING PERIOD, BOUNDARY AND PRINCIPLES

This ESG report is prepared in compliance with the provisions of ESG Reporting Guide.

This ESG report covers the financial year ended 31 December 2021 ("Reporting Period") and confines to the scope relating to our principal activities, which is the provision of transport and storage services to the logistics industry in Singapore, primarily trucking and hubbing services where:

- Trucking services refer to the delivery of cargo, primarily containers, from the customers' designated pick-up point to their designated delivery point.
- Hubbing services refer to the handling and storage of laden and empty containers at our logistic yards or other locations designated by our customers.

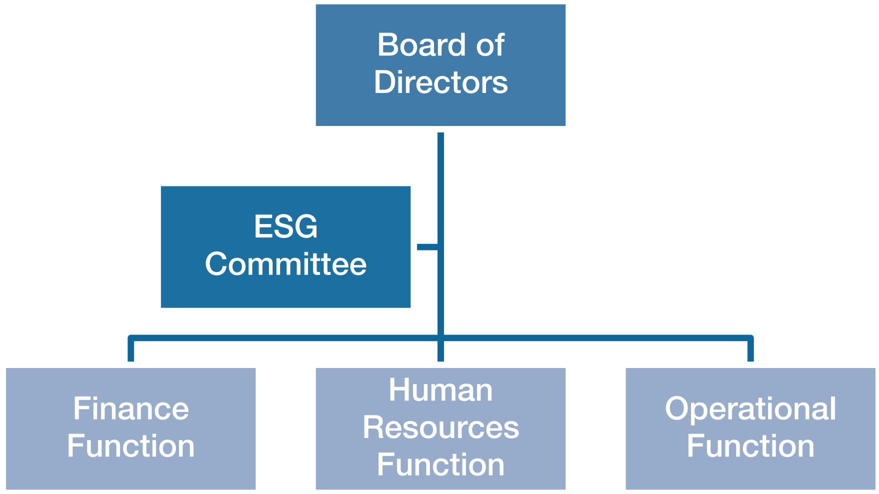
We also follow the principles of Materiality, Quantitative and Consistency and apply a consistent methodology in setting out relevant materiality, quantitatively measurement and reporting scope and format which is considered relevant and significant to the Group.

OUR ESG GOVERNANCE STRUCTURE

The ultimate responsibilities for formulating ESG strategy, identifying ESG key matters, implementing ESG initiatives and policies, monitoring ESG performance, collecting and calculating ESG data and approving this ESG report are rested with The Board of directors ('the "Board") of our Group.

Under a written Terms of Reference, the Group has also established an ESG Committee, chaired by an Executive Director and other members holding the responsible persons position of our finance, human resources and operational department functions. The ESG Committee is responsible for executing the delegated duties of the Group in relation to ESG matters.

The ESG Committee also has the right to freely access the Group's facts and information as to discharge its duties and the right to engage external professional assistance at the cost of the Group for matters relating to ESG reporting.



Management Approach

The Group has set out a systematic management approach to evaluate, prioritize and manage material ESG-related issues, including the following key steps.

1. Performing a risk assessment as to identify significant entities and activities of the Group

2. Performing a risk assessment as to identify significant risks and matters of the Group

3. Communicate with stakeholders as to collect and collaborate ESG concerns important to them

4. Conduct an internal assessment as to set out reporting scope and boundaries

5. Establish relevant ESG policies to implement the Group's important ESG initiatives

6. Ensure the effectiveness of important ESG initiatives

7. Keep record of sufficient ESG data for reflecting the effectiveness of ESG initiatives

8. Establish realistic and measurable ESG goals and targets and comparing them with actual performance

9. Launching remedial actions to meet with established goals and targets or to finetune them

10. Prepare and Submit ESG report for Board's approval

COMMUNICATION WITH STAKEHOLDERS

Our stakeholders are those who affect our business or who are affected by our business.

We actively communicate with our stakeholders and are devoted to continuous improvement of our communication system. The Directors and Management of the Group has put tremendous effort in listening to both its internal and external stakeholders. The Group highly values the feedback from is stakeholders and takes initiative to build a trustful and supportive relationship with them through their preferred communication channels.

We consider that Government Authorities, Investors & Shareholders, Employees, Customers, Suppliers and the Communities are our key stakeholders. The following table presents our communication channels with our stakeholders and their concerned matters.

Key Stakeholders	Communication Channels	Stakeholders' Concerned Matters
Government Authorities	☑ Regulatory updates/circulars ☑ inspections ☑ Site visits ☑ Through our professional advisor	◆ Legal compliance ◆ Work safety ◆ Environmental protection ◆ Prevention of tax evasion ◆ Social welfare
Investors & Shareholders	☑ Annual general meeting ☑ Announcements and disclosures ☑ Interim/Annual Reports ☑ Corporate website and emails	◆ Business strategies and performance ◆ Performance and Profitability ◆ Investment returns
Employees	☑ Regular management meetings ☑ Performance Evaluation ☑ Training	◆ Remuneration and benefits ◆ Work health and safety ◆ Career development ◆ Staff training ◆ Working environment
Customers	☑ Sales Representative visit ☑ Customer hotline ☑ After-sales services ☑ Interim/Annual Reports ☑ Site visits	◆ Service Quality ◆ Delivery times ◆ Reasonable pricing ◆ Work safety
Suppliers	☑ Web sites ☑ Product quality inspection	◆ Stable demand ◆ Product quality
Community	☑ Community events ☑ Employee voluntary activities	◆ Employment and community ◆ Environmental protection ◆ Social welfare

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value or the wider community continuously.

MATERIALITY ASSESSMENT

In the preparation of this report, our ESG Committee gathers important facts and information through continuous communications with our stakeholders, particularly those in relation to our operating practices, employment practices, and environmental Performance/Impact. The ESG Committee has further analyzed those facts and information, collated them with industry reference and evaluated them against materiality, quantitative measures, balance and consistency of this ESG report.

The ESG Committee has considered every provision of the ESG Reporting Guide and identified the 10 most concerned ESG issues for this report as presented below.

	Concerned ESG issues	Relevant ESG Provision
1.	Employment practices & labour standards	B1-Employment
2.	Sustainability of business	B5-Supply Chain Management
3.	Emission control	A1-Emissions
4.	Supply Chain Management	B5-Supply Chain Management
5.	Quality assurance	B5-Supply Chain Management
6.	Employee health and safety	B2-Health & Safety
7.	Efficient consumption	A2-Use of Resources
8.	Customer services	B6-Product Responsibility
9.	Staff development & training	B3-Development and Training
10.	Ethical practice & Integrity	B7-Anti-corruption

The Board has reviewed and approved the assessment of the ESG Committee and has integrated the concerned ESG issues into the overall risk management framework and incorporated into regular internal review or internal audit plan on a rotation basis.

Stakeholder's Feedback

Stakeholders' feedbacks on our ESG matters are highly welcomed. We will consider stakeholders' comments serious and take relevant actions (if any) to improve our overall ESG performance.

Our Stakeholders can provide their feedback to us at business@cnlimited.com.

CARE FOR OUR ENVIRONMENT

We have taken into account factors concerning environmental protection, and will continue to devote operating and financial resources on environmental compliance as required under applicable laws or regulations. These relate to air and greenhouse gas emissions ("GHG"), discharges into water and land, and generation of hazardous and non-hazardous waste, including, but not limited to The Environmental Protection and Management Act (Chapter 94A of Statutes of Singapore) ("EPMA").

Environment

Air & GHG Emission management

The principal greenhouse gas ("GHG") emissions of the Group are direct GHG emissions from gasoline generated through logistic operation, energy indirect GHG emissions generated mainly from purchased electricity, and indirect GHG emissions mainly generated from paper consumption. We have implemented certain operational measures and minimized consumption by improving the efficiency of our workflow.

Conservation Practices

During daily operation and office administration, the Group generates GHG emissions directly or indirectly through resource consumption. To properly manage our GHG emissions, the Group actively adopts conservation and monitoring measures. We adopt digitized office to minimize paper usage, conduct regular vehicle maintenance and monitor fuel consumption, phase out any vehicles that fail to satisfy the standards of the national emission policy, purchase regular diesel and gasoline for vehicles, and conduct annual inspections to ensure the compliance with national emission standards, encouraging modern telecommunication system to avoid unnecessary travel arrangement; and encouraging employees to switch off IT devices such as computers and monitors when not in use. These are some of our conservation practices to increase our employees' awareness of reducing GHG emissions.

Our Environmental Compliance Status

In the reporting period, the Group has complied with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, including but not limited to:

☑ Environmental Public Health Act (EPHA) of Singapore.

☑ Environmental Protection and Management Act (EPMA) of Singapore.

☑ Hazardous Waste (Control of Export, Import and Transit) Act (HWA) of Singapore.

Use of Resources

Consumption Efficiency Management

The energy consumed by the Group in the operation are mainly electricity and diesel. The major energy consumption of the Group during its daily operation is electricity consumption in the operation, and gasoline consumption via logistic operation.

The Group regards reducing energy consumption and recycling of resources as priorities during operating processes. We keep improving our efficient minded management system and have implemented various resource conservation protocol and introduce more systematic software, which enable us to increase the efficiency of operation and thus reduce the consumption of diesel.

The Group is committed to establishing an electronic automated office. The office makes full use of the online system, while general business notices, communication and data transmissions are conducted through the internet system, and has established electronic workflows. Printing and copying are minimized to the largest extent to reduce paper usage, while double-side printing is also encouraged in the office.

The Group has formulated rules and regulations to achieve the goal of energy saving and efficient consumption. The relevant specific measures such as selecting energy-efficient equipment and electrical appliances, turning off all unnecessary lights, air conditioners, computers and other office equipment in office areas, forbidding the run of idle vehicles and equipment.

Water consumption

In Singapore, water is supplied by the government and post no sourcing risk to our operation.

The water consumption of the Group mainly comes from the office water consumption. We encourage all employees to develop the habit of conserving water consciously. The Group also discharges domestic sewage in our office premise during daily operation, which is discharged into the urban sewage pipe network. As water is supplied by the Government in Singapore and in consideration of our minimal water consumption needs, we do not have issues with sourcing water.

Waste Management

Our operation did not generate significant amount of non-hazardous waste, including water wastage/pollution. The non-hazardous wastes generated by the Group's business activities are domestic waste and paper. Such wastes will eventually be collected and processed by general waste service providers.

The Environment and Natural Resources

Through a series of measures to conserve electricity and diesel that have been introduced above, the Group continues to explore possible measure towards the building of a reliable, resilient and sustainable corporation that pioneers in the logistic industry in Singapore. The Group is committed to providing employees with a comfortable and green working environment to enhance work efficiency. The Group maintains office discipline and environmental hygiene and keeps the personal office area and public areas clean and tidy. We will deal with any identified problems and potential risks in time to maintain a sound working environment.

Our operation policy and process comply with all relevant environmental laws and regulations in relation to the waste disposal and environmental pollution management including Environmental Public Health Act, and Environmental Public Health (General Waste Collection) Regulations. In the Reporting Period, no non-compliance of the relevant regulations regarding emissions or environmental issues has been identified.

The ESG committee suggests a target reduction program on natural resource consumption as shown as below in the way of closely monitoring to minimize unnecessary usage and other principal mentioned in previous section.

RESOURCES	ACCUMULATED TARGET REDUCTION IN % ACHIEVING ON				
	2022	2023	2024	2025	2026
DIESEL[1]	0.5%	0.7%	0.7%	1%	1.4%
ELECTRICITY[2]	0.5%	0.7%	1%	1.5%	1.7%
WATER[3]	0.8%	1.1%	1.4%	1.5%	1.7%

Reduction plans

1 enhance the maintenance and overhaul of equipment and maintain the condition of all vehicle regularly.

2 Promote and adopt energy-saving equipment. Turn off all unnecessary lights, air-conditioning and equipment.

3 Conduct checking and maintenance on water pipes to avoid any leakage of faucets and gaskets as well as other issues in the water supply system on a regular basis.

Climate Changes Impact

In assessing the climate changes impact on the Group, the Group takes reference to the recommendations and approach set out by The Task Force of Climate-related Financial Disclosure ("TCFD").

The ESG Committee measures the climate change impact by the following two dimensions:

Physical Risk	Transition Risk
➢ Referring to direct damage to assets and indirect impacts from supply chain disruption that may have financial implications for the Group. Physical risk can be event driven (as "Acute Events risk") or gradually shifted over in a period of time (as "Chronic Shift risk").	➢ Referring to a situation where the transition to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

The ESG Committee has also put the following into the considerations:

1. The overall climate change situation and government initiatives in Singapore, such as

   A. The Singapore Green Plan 2012 (SGP2012)

   B. The Sustainable Singapore Blueprint (SSB) 2015

   C. Climate Action Plan: Take Action Today, For a Carbon-Efficient Singapore

2. The trends and practices of the logistic industry in Singapore.

3. The particular business model and features of operations of the Group, of which the key features are:

Singapore's Feature

- Promoting the use of electricity cars
- Vehicle and Fuel standards are tightening
- No direct physical risk at large for Singapore at large

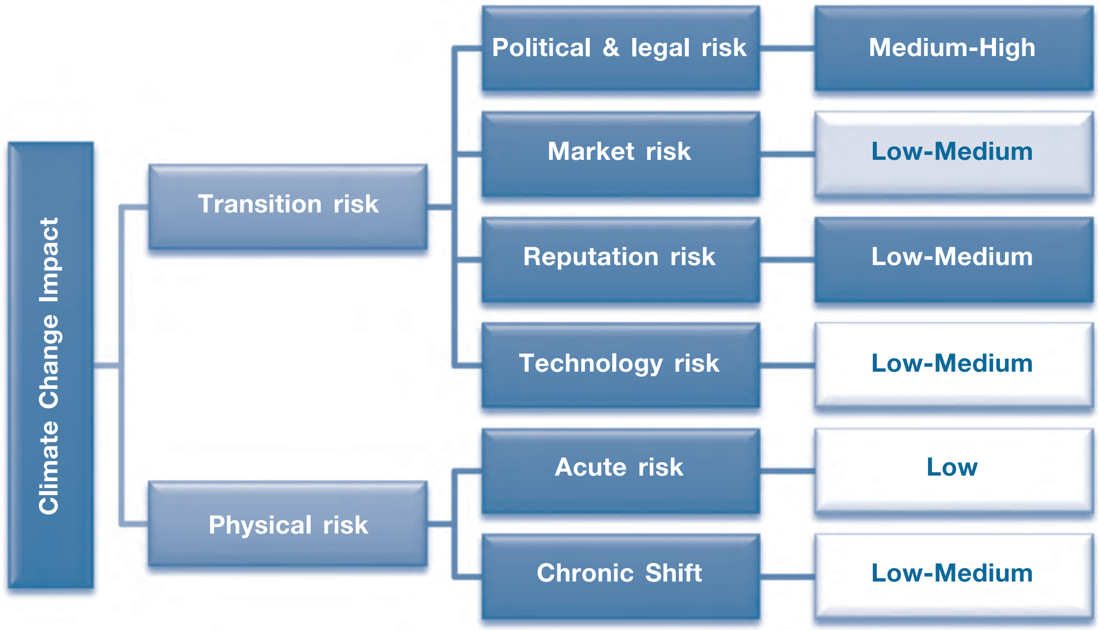
Industry's Feature

- Disruptive technology has not emerged yet
- No industry-specific regulation yet

Group's Features

- We have been optimizing our transportation route
- We have been using Euro VI standards trucks

The ESG Committee has considered all relevant risks in relation to climate changes impact and believes that the Group is more likely to be subject to 1) Political & legal risk 2) Reputation risk and 3) Chronic Shift risk as graphically presented below.



<Risk Level Consideration in relation to Climate Change Impact>

To the best judgement of the Group, the Group is considered to be subjected to the following climate change impacts to which the Group has developed relevant action plans to manage them as presented in below table. The Group is committed to monitor and update our climate changes impact from time to time.

Relevant Climate Change risk	Indicator	Potential Climate Change Impact on the Group
Political & Legal risk	Singapore is on a trend of acquiring trucks and mover, eventually most type of vehicles to meet Euro VI emission standards.	The Group has been adopting a plan of using Euro VI compliant Vehicle.
Political & Legal risk	Fuel cost may rise or may be subject to direct or indirect environmental tax.	The Group has a plan to negotiate a cost sharing scheme with customers if such risk is materialized.
Reputation risk	Our customers may have an expectation that require the Group to be environmentally friendly.	We have already put in place an ISO 14001 certified Environmental Management System.

ENVIRONMENTAL KEY PERFORMANCE INDICATORS

Emission Type	**Indicator**	**FY2021**	FY2020
Greenhouse gas[1]	Direct emissions — Scope 1[3] (tonnes CO_2)	**8,472**	8,672
	Indirect emissions — Scope 2[4] (tonnes CO_2)	**37**	31
	Indirect emissions — Scope 3[5] (tonnes CO_2)	**6**	6
Exhaust gas	Sulphur Dioxide (SO_x) — kg	**52**	53
	Nitrogen Oxides (NO_x) — kg	**7,869**	8,495
	Particulate Matter (PM) — kg	**780**	611

Major resource consumed	**Unit**	**FY2021**	FY2020	**2021 Intensity**
Water — processing	cm^3	**395**	317	**14**
Electricity — processing	kWh	**53,516**	44,837	**1,847**
Diesel	liter	**3,241,024**	3,282,787	**111,837**
Paper	kg	**1,250**	1,173	**43**

Notes to above table:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "Guidelines to Account for ad Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" 2010 Edition and Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.

2. Intensity is calculated by the emissions by the Group's revenue for FY2021 (approximately S$28.98 million).

3. Major source of Scope 1 emission came from usage of Diesel.

4. Major source of Scope 2 emission came from usage of purchased electricity.

5. Major source of Scope 3 emission came from processing fresh water and sewage by government departments.

6. Our operation does not generate hazardous waste.

7. Domestic waste totals have been deemed immaterial to our operations. Thus, we do not maintain relevant record.

8. Packaging material usage is insignificant in our operation process. Thus, we do not maintain relevant record.

CARE FOR OUR EMPLOYEE

We believe that employees are the most important asset of an enterprise and the core driving force for continuous development. We are committed to improving the employment system and striving to provide employees with comprehensive protection of their rights and interests.

As we uphold the principles of openness, fairness, and impartiality, we advocate employee diversity and resolutely oppose discrimination, striving to eliminate any injustice to candidates and employees arising from factors such as gender, age, race, religious beliefs and gender orientations.

Employment and Labour Standards

Our Human Resource Department is responsible for monitoring the employment matters of the Group. All our employees are subjected to proper evaluation and approval by management at appropriate level before they are hired, remunerated, promoted or terminated. All our employees are treated in the principle of equal opportunity in the ways that they are hired, compensated and promoted in accordance to the merits and contributions they bring to the Group, which can be subjectively and fairly measured in accordance to their educations, experience, qualification, loyalty, efficiency and achievements at works.

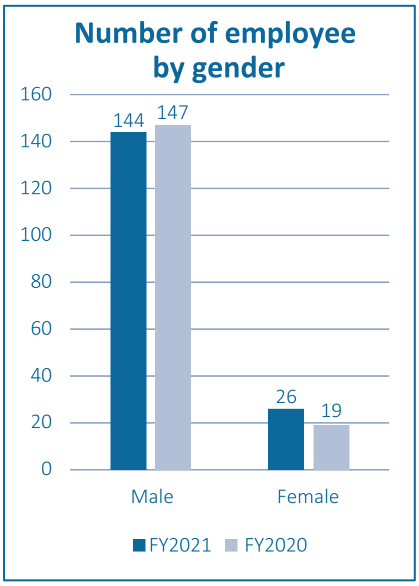
We have established standard contractual process, operational procedures and effective system (e.g. attendance recording) to ensure our employee are remunerated fairly in accordance to our approved remuneration policy and working in a friendly environment where their working hours, entitled holidays and other benefits such as pension contribution are protected in accordance to the relevant laws and regulations.

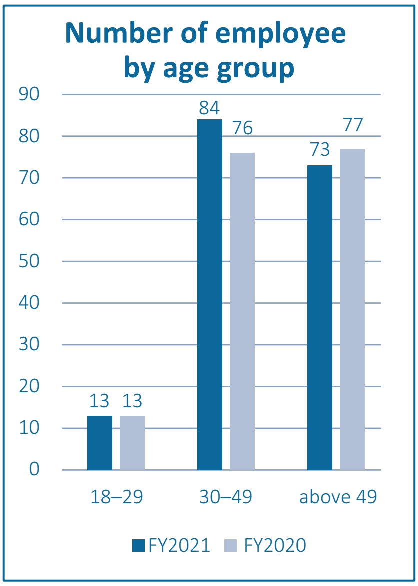
We do not tolerate any forms of harassments and discrimination at our workplace or amongst our employees. We take proactive steps to ensure we are not engaged in any forms of forced labour and child labour, including verification of their identities at inception and on regular basis.

In daily operation, we encourage our employees to communicate with their department head or our Human Resources Department to express their views, needs and concerns. In addition, the Group has established a whistleblowing policy and related reporting mechanism through which our employees and any third parties can report their concerns over fraud, misconduct and/or non-compliance to our Executive Director who is responsible for reviewing the concerns and commence investigations when necessary.

Workforce Composition

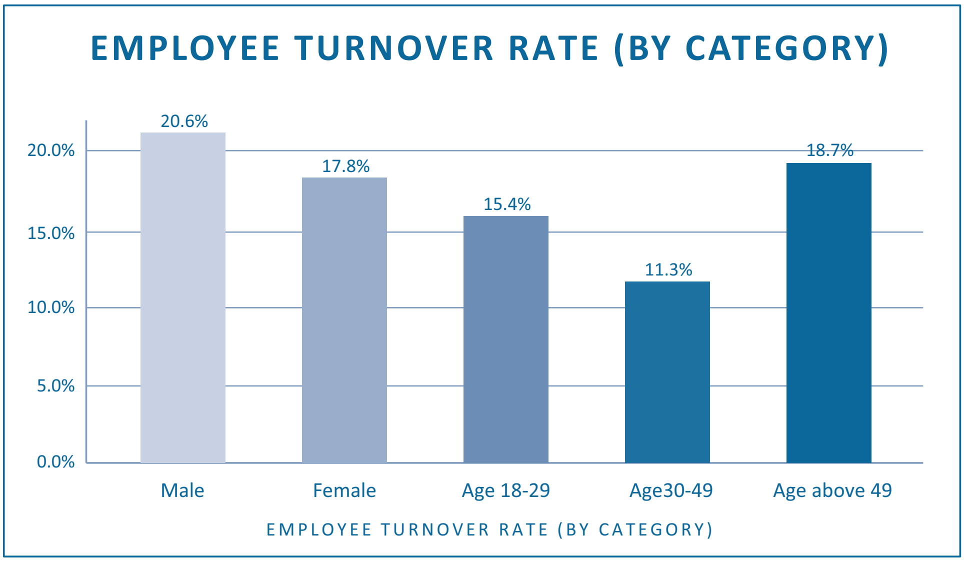
As at 31 December 2021, the Group has a total full-time workforce of 170 employees (2020: 166) inclusive of the 2 Directors of the Board, with breakdowns presented:





By geographical region, 154 staffs are residing and operating in Singapore and 16 staffs are residing and operating in Hong Kong. During the year, the Group did not employ part-time or temporary staff, including the use of agents and outsourced staff. The overall employee turnover rate of the year is 20.7%, with further breakdowns by different categories presented.

The ESG Committee has made an assessment and considered our turnover relatively healthy and stable.



Note: The turnover rate is arrived based on dividing the number of leavers over the year by the averaged total of employee of 2020 and 2021 reporting periods.

Overall Employment Compliance Status

During the reporting period, the Group has complied with relevant laws and regulations, including those listed below that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and preventing child and forced labour.

☑ The Employment Act (Cap. 91)

☑ The Employment of Foreign Manpower Act (Cap. 91A)

☑ The Employment of Foreign Manpower (Work Passes) Regulations 2012

☑ The Employment of Children and Young Persons Regulations

☑ The Employees' Compensation Ordinance of Singapore

☑ The Central Provident Fund Act (Chapter 36)

Welfares and safeguards

A sustainable and stable workforce is the means to better facilitate every parties, creating common values with the hope to deliver up-standard quality service for a sustainable development and future.

To achieve the goal, we also put a strong emphasis on ensuring comprehensive welfares and safeguards for employees. The Group implemented a compensation and benefits system to further provide employees with competitive remuneration. On top of legislated requirements relating to employee compensation, our full-time employees are entitled to medical care, dental benefits, business travel accident insurance, matrimonial leave and paternity leave.

We are eager to provide a harmonious working environment for our employees. We offer various leisure and gathering events to light up the office atmosphere and enhance bonding among employees.

Health and Safety

We are committed to providing a safe and healthy workplace to all our employees. Occupational health and safety concerns primarily stem from the use, handling, storage, transportation and maintenance of the equipment within the premises and in the customers' job sites. The Group believes that health and safety at work involves both the prevention of harm and the promotion of employees' well-being.

To provide and maintain a safe, clean and environmentally friendly working condition for employees, the Group has established protocol and guidelines regarding safety and health, which are in line with relevant laws and regulations in Singapore including, but not limited to The Workplace Safety and Health ("WSH") Act and The Workplace Safety and Health (Incident Reporting) Regulations of Singapore.

Health and safety requirements are incorporated into the Group's policies for all employees to comply with, which can be assessed in our safe work procedures and employee handbook (e.g. smoking and abuse of alcohol and drugs are prohibited in the workplace).

The Group provides induction programs and safety training programs to new employees such that they can be familiar with our protocol in relation to health and safety matters as quickly as they can. The Group also maintains the risk management system including procedures of identification and prevention of risks and hazards in the working area and follow-up actions for accidents or personal injuries.

In the past three years, we have not encountered any work-related fatalities.

There are occasions where minor traffic accidents occurred in the course of our logistic operation. Whenever our drivers are injured in the accidents, we have always fairly compensated them and the related costs are fairly covered by our insurance policy.

The following table indicates our rate of work-related injuries, to which the Directors consider satisfactory.

Work-related injuries table	FY 2019	FY2020	**FY2021**
Rate of work-related injuries/No. of working hours for 262 working days by the total no of driver	0.0155%	0.0160%	**0.0034%**
Resulting loss of working days	70	72	**15**

Special Note: Our Effort to Fight COVID-19

In relation to the COVID-19, our Group and operations have fulfilled all the lockdown and quarantine requirement imposed in Singapore. In addition, we have also established a contingency plan that includes but not limited to the following safety measures:

1. We must sanitize our workplace regularly

2. We allow flexible working place and hours, including work from home when necessary

3. We require the maintenance of a social distance of at least 1 meter at our workplace

4. We require our employee to wear mask all the time

5. We require our employee to report their temperature twice daily

6. We use the SafeEntry apps to keep record of our check-in at our workplace

7. We develop a reporting mechanism to timely escalate suspected/confirmed cases to our management

8. We develop evacuation procedures for suspected/confirmed cases

Overall Health and Safety Compliance Status

In the reporting period, the Group has complied with relevant laws and regulations, including but not limited to the below listed, that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

☑ Workplace Safety and Health Act (CHAPTER 354A) of Singapore

☑ The Workplace Safety and Health (Incident Reporting) Regulations of Singapore.

Development and Training

It is our policy to provide sufficient and relevant training to our employee for the purpose of their development in respect of professional knowledge, industry skill, physical health and safety and compliance awareness.

At oversight and management level, our Group has provided annual trainings to our Directors and Senior Management on topics of corporate governance and regulatory compliance to ensure they are updated with latest regulatory requirements or market trends.

Occupational Training

At operational level, we provide induction and refresher courses to ensure that the drivers are up to date with the latest safety regulations, while our customers may also conduct their own safety courses for our drivers who operate within their premises.

For example, regular toolbox meeting with drivers were regularly conducted. The constant on-the-job training mainly cover the areas of health and work safety, occupational skills and knowledge and compliance, such as driver safety. Since these are incorporated into the normal operations, we do not record it in detail. We consider each driver, who are usually male employee, should have received at least 6 hours of training in the reporting period.

Compliance Training

We also provide external training courses on topic of governance and compliance which are mainly provided by relevant professionals. In the reporting period, we have arranged a two-hours training course for our Directors and Senior Officers on the topic of listing rules and anti-corruption.

Anti-Corruption Training

For Anti-Corruption training, the Group has rolled out a continuous training plan under which our Management will roll out a training plan to our general office and drivers on a rotation basis with a target to achieve a 100% full training coverage in 4 years.

Our anti-corruption training shall take reference to the relevant guidelines published by anti-corruption authorities in Singapore and Hong Kong.

ANTI-CORRUPTION SYSTEM

Our business model and operating procedures are inherently subjected to lower risk of anti-corruption and money laundering.

By our Anti-corruption policy, we prohibit all forms of bribery, extortion, fraud and money laundering and require all employees to strictly abide by professional ethics. All employees are expected to have high degree of integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities which might exploit their positions against the Group's interest.

Nevertheless, our internal control system covers these areas are highlighted below:

1. **Established Policy**

   Expected behaviors and Prohibited acts, such as bribery, management collusion and money laundering are set out in the anti-corruption policy and anti-money laundering policy, which are communicated to our directors, management and employees from time to time.

2. **Daily Management**

   Our Executive Director and Human Resources Director are highly involved in our daily operations. They are responsible for detecting and dealing with any identified or suspected corrupted acts. We encourage our employees to report to them of any concerns too.

3. **Whistleblowing**

   We have established a whistleblowing policy and related reporting mechanism to facilitate goodwill whistleblowing that will be handled by our Executive Director who will be instructed by the Board to conduct necessary investigation of goodwill whistleblowing cases. Our whistleblowing policy is circulated to our management and employee with a guarantee that goodwill whistleblowers are protected from any forms of discrimination, retaliations and/or harassment.

4. **Training**

   The Group has rolled out a continuous training plan on anti-corruption to enhance the ethic awareness of our employees.

Overall Anti-Corruption Compliance Status

The Group has not encountered any corruption cases in the past 3 years.

In the reporting period, the Group has complied with relevant laws and regulations, including but not limited, to the below listed that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

☑ Prevention of Bribery Ordinance Cap. 201 of Hong Kong

☑ Prevention of Corruption Act of Singapore

In the Reporting Period, the Group has no suspicious or confirmed cases relating to bribery, extortion, fraud and money laundering.

CRITICAL SUPPLIERS' MANAGEMENT

As of 31 December 2021, the Group is engaged with 4 critical suppliers in the area of port, diesel, tyres and land rental, who are of most relevance and significance to our businesses. These critical suppliers are all located in Singapore. The Group believes that managing the environmental and social risks of these critical suppliers will facilitate the sustainability of the Group and prevention of related financial and operational impact to the Group.

Suppliers' Selection

We established a stringent supplier selection process which also takes environmental and social risk control of suppliers into account. As we only have a handful of long-time-history critical suppliers, our Executive Director and Senior Management monitor their performance very closely on daily basis, including whether they would use and provide us any environmental unfriendly products.

In the Reporting Period, we are not aware of any environmental or social non-compliance committed by our critical suppliers.

Suppliers' Code of Conduct

The Group has also developed a suppliers' code of conduct and expect our suppliers and business partners shall understand and share our values and be compliant with all relevant laws and regulations in relation to environmental protection, labor protection and anti-corruption. By our code requirement, the Group shall take appropriate remedial actions on suppliers if their operations go against our environmental and social values and/or principles.

In the course of selecting our suppliers, the Group has been keeping environmentally preferable products and services as an important indicator, among all key considerations such as costs, quality of service and requirements of suppliers. The Group has assessed our critical suppliers, including the following dimensions and form a view that they are providing products and service that meet the relevant environmental and social standards.

- The products supplied by our material suppliers meet the quality standards of the Group.
- They are subject to their own licensing requirements, including the protection of their labors.

QUALITY SERVICE MANAGEMENT

As a leading transport and storage service provider in Singapore, our Group offers trucking and hubbing services to our customers locally and globally. We listen to the voices of our customers by providing responsive and attentive workforce equipped with up-to-date tools & equipment. The Group believes it can effectively extend its ESG values and manage relevant environmental and social risks so as to maintain and enhance the Group's competitive advantage.

In the Reporting Period, we have maintained a sizable logistic fleet, comprising of prime movers, trailers, reach stackers, forklifts, lorries and light vehicles. We provide our services through our qualified drivers responsible for handling and storage of empty containers and laden at our logistics yard, which is regarded as hubbing services, and for providing timely and quality cargo delivery service from pick up station to delivery station designated by customers, which is regarded as trucking service.

We have also invested and applied certain technological device and systems that would promote workflow timeliness and accuracy and abate the workload of our staff. For example, our operational system facilitates the matching and reconciliation of key operation data with our key business partners' database automatically on a daily basis.

Our value chain

Our Group's main business segment falls within the Transportation services of the value chain in Port logistic services. Being a leading transportation and logistics group in Singapore, the Group endeavors to up-keep the reputation, and build and excel in the business performance. Over the years, the Group managed to have a stable and close relationship with a list of suppliers who keep providing quality goods and services in contribution to our business.

Quality management

The Group emphasizes the quality management of its services and is committed to providing customers with reliable and flexible services. Our quality control policy can be divided into two segments and they have provided a solid platform for us to deliver our services in a reliable and flexible manner to meet our customer's ever-changing demand and market needs.

We have implemented a number of management principles to ensure our workforce provides reliable and controllable services in various stages of operation, as tabled below.

- Standardised workflow in line with client work schedule
- Regular review and improve work tools
- Apply applicable software to streamline current workflow
- Proactively communicate with client and provide productive response timely
- Reciprocal inspection on operational efficiency and engage external professionals to perform assessment

As a logistic service provider, the Group is not subjected to product or service recall risk. In situations where there are unresolved matters, our Executive Director will work with our client and supplier to resolve the matter. The Group has also established relevant quality and safety inspection protocol which standardizes order handling. Our customer service department plays a key role in understanding and confirming client's needs and expectation of each order, setting out direction prior to launching any project, and actively coordinating projects with customers in the course of providing services.

Operational quality control mechanism

1. ***Vehicle selection***

   The selection of the brand and model of vehicles to purchase is important as it impacts on the ability of our Group to deliver reliable trucking services in a timely manner and concurrently provide a safe working environment for our drivers.

2. ***Regular vehicle inspection***

   Regular vehicle maintenance regime for our vehicles is implemented. All vehicles in our fleet are subject to regular inspection as regulated by the Land Transport Authority of Singapore ("LTA") with the view that vehicles which are not roadworthy can be a potential hazard to other road users and that regular inspections help to minimise vehicular breakdowns and road accidents.

3. ***Safety courses for drivers***

   As our drivers are operating heavy vehicles such as prime movers, reach stackers and lorries, we require all drivers to attend relevant safety courses. We conduct in-house safety courses for all our drivers. Our customers and suppliers may also conduct their own safety courses for our drivers who operate within their premises.

   The Group does not have any recall procedures due to the nature of our service. Any failure to deliver on the first time due to either external or internal hurdles will be re-scheduled timely with customers' approval and be delivered again within our customers' expectation.

   In the reporting period, the Group did not encounter any of the following situations:

   i. recalls or damage claim related to our services on the ground of safety and health reasons; and

   ii. material customer complaints that lead to or likely to lead to product recall or compensations.

Advertising and Labeling

In our course of operation, we are not required to handle advertising, labelling, and privacy matters of customers, suppliers, and business partners. We have confidentiality policy implemented and included in Employee handbook to require our employee to maintain confidentiality with respect to confidential information pertaining to our operations.

The Group did not identify any non-compliance in relation to service liability.

Intellectual Property Rights, Consumer Data and Privacy Policy

The Group highly respects Intellectual property rights protection and consumer data. In the course of operation, we might have access to the intellectual properties or confidential data of customers, such as patents, trademark, copyrights and trade secrets (e.g. design of products), personalized information or contractual documents.

It is our principle that we will only use and/or store these intellectual properties or customer data in accordance to the purpose they are originally provided to us or collected by us. We have procedures to ensure these intellectual properties and customer data are stored in a safe manner, physically and digitally, with restricted access by authorized persons only. We prohibit all kinds of unauthorized use or leakage of intellectual properties by our Group's employee. Our Group will take appropriate actions against breach of Intellectual property rights and consumer data, including termination of employment or legal proceeding. All collected personal data is treated confidentially and kept securely, accessible by designated personnel only.

Overall Service Liabilities Compliance

In the Reporting Period, the Group is in compliance with relevant laws and regulations that have a significant impact on us and are relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

We care our community

As a responsible corporation, the Group has been working towards to building a beautiful and healthy community and maintaining communication and interaction with the community to contribute to the development of the community.

SEHK ESG Reporting Guide General Disclosures		Reference Section/ Remark	Comply or Explain
A. Environmental			
A1 Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Care for Our Environment	Complied
KPI A1.1	The types of emissions and respective emissions data.	Environmental Key performance Indicators	Complied
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Key performance Indicators	Complied
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	We do not provide any hazardous waste	Explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Key performance Indicators	Complied
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.		
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management	Complied
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	Use of Resources	Complied

SEHK ESG Reporting Guide General Disclosures		Reference Section/ Remark	Comply or Explain
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Key performance Indicators	Complied
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Key performance Indicators	Complied
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	The Environment and Natural Resources	Complied
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water consumption	Complied
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	We do not use packaging material in our service.	Explained
A3 The Environment and Natural Resources	Policies on minimising the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources	Complied
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our operation does not induce significant impacts on the environment and natural resource	Explained
Aspect A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Changes Impact	Complied
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Changes Impact	Complied

SEHK ESG Reporting Guide General Disclosures		Reference Section/ Remark	Comply or Explain
B. Social			
B1 Employment	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Care for Our Employees	Complied
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Workforce composition	Complied
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Workforce composition	Complied
B2 Health and Safety	Information on: a) the policies; and b) compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.	Health and safety	Complied
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and safety	Complied
KPI B2.2	Lost days due to work injury.	Health and safety	Complied
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and safety	Complied
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and training	Complied
KPI B3.1	The percentage of employees trained by gender and employee category.	Development and training	Complied

SEHK ESG Reporting Guide General Disclosures		Reference Section/ Remark	Comply or Explain
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and training	Complied
B4 Labour Standard	Information on: a) the policies; and b) compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour.	Employment and labour standards	Complied
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and labour standards	Complied
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and labour standards	Complied
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Critical Suppliers' Management	Complied
KPI B5.1	Number of suppliers by geographical region.	Critical Suppliers' Management	Complied
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Suppliers' Selection	Complied
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Our value chain	Complied
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Suppliers' Selection	Complied

SEHK ESG Reporting Guide General Disclosures		Reference Section/ Remark	Comply or Explain
B6 Product Responsibility	Information on: a) the policies; and b) compliance relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our value chain	Complied
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	We do not have any recalls	Explained
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	We do not receive any complaints	Explained
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Intellectual Property Rights, Consumer Data and Privacy Policy	Complied
KPI B6.4	Description of quality assurance process and recall procedures.	Care for our customers	Complied
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Intellectual Property Rights, Consumer Data and Privacy Policy	Complied
B7 Anti-corruption	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption System	Complied

SEHK ESG Reporting Guide General Disclosures		Reference Section/ Remark	Comply or Explain
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	We do not have any legal case regarding corrupt practices	Complied
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption System	Complied
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Development and Training Anti-Corruption	Complied
B8 Community Investment	Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.	We care our community	Complied
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	We care our community	Complied
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	We care our community	Complied

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 1 to the financial statements. The business of the Group comprises the provision of transport and storage services to the logistics industry in Singapore, offering trucking and hubbing services to customers. There were no significant changes in the nature of the Group's principal activities during the year.

A review of the business of the Group as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position can be found in the section headed "Management Discussion and Analysis" set out on pages 5 to 11 of this annual report. This discussion forms part of this Directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

Further discussion and analysis of the principal risks and uncertainties facing the Group can be found in the "Management Discussion and Analysis" set out on pages 5 and 11 of the annual report. The above section forms part of this report.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2021 and the Group's financial position at that date are set out in the financial statements on pages 66 to 123.

The Board takes into account of the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Directors do not recommend the payment of any dividend for the year ended 31 December 2021.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 25 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2021.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

RESERVES

Details of movements in reserves of the Group for the year ended 31 December 2021 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

The Company did not have reserves available for cash distribution as at 31 December 2021, calculated under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as it has accumulated losses. However, the amount of approximately S$23.0 million included in the Company's share premium account may be distributed as dividends provided that immediately following the date on which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 81% of the total sales for the year and sales to the largest customer included therein amounted to 35%. Purchases from the Group's five largest suppliers accounted for 41% of the total purchases for the year and purchase from the largest supplier included therein amounted to 17%. The Group maintains good relationships with its customers and suppliers.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers or suppliers.

USE OF PROCEEDS FROM SHARE OFFER

As at 31 December 2021, the Company has not yet utilised the net proceeds of approximately HK$16.8 million raised from the Share Offer in accordance with the intended use of proceeds set out in the Prospectus. Details of the intended uses and utilised amount are set out on page 10 of the annual report.

USE OF PROCEEDS FROM THE PLACING

On 21 June 2021, the net proceeds from the placing, after deduction of the professional fee and other related expenses, are approximately HK$14.6 million. The Company intends to apply the entire net proceeds from the Placing for the general working capital of the Group as follows: (i) approximately 70% of the net proceeds, or approximately HK$10.2 million will be applied for the staff costs; and (ii) approximately 30% of the net proceeds, or approximately HK$4.4 million will be applied for the professional expenses and office expenses, including office maintenance and telecommunications. As at 31 December 2021, the net proceeds from the placing is used as intended.

ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporate environment that focuses on conserving natural resources. We believe that everyone can make a difference — a small step from each employee will go a long way to reducing our carbon footprint on the earth. As a responsible Group, we strive to keep improving the efficient use of the natural resources, and aim to develop energy saving culture.

The environmental, social and governance report is set out on page 27 to 50 of the annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the year ended 31 December 2021.

DIRECTORS

The Directors during the year were:

Executive Directors:

Mr. Chua Kang Lim
Ms. Chua Sui Feng
Ms. Fung Mee Kuen (appointed on 29 September 2021)

Independent non-executive Directors:

Mr. Cheung Wai Kin (appointed on 23 August 2021)
Ms. Lo Suet Lai (appointed on 29 September 2021)
Ms. Wong Shuk Yee Camilla (appointed on 26 January 2022)
Mr. Teo Dax Tak Sin (resigned on 29 September 2021)
Mr. Kwong Choong Kuen (resigned on 23 August 2021)
Ms. Grace Choong Mai Foong (resigned on 26 January 2022)

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 14 of the annual report.

DIRECTORS' SERVICE CONTRACTS

The executive Directors, Mr. Chua Kang Lim and Ms. Chua Sui Feng have service contracts with the Company for a fixed term of three years commencing from 18 October 2017. The service contracts will continue thereafter until terminated by not less than three months' notice in writing sent by either party or the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company. Each of the independent non-executive Directors is appointed with an initial term of one year commencing from the appointment date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Pursuant to the Articles and Association of the Company, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with Code Provision A.4.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to the Articles and Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group. The remuneration of the employees of the Group are based on the remuneration policy of the Group considering the qualifications and contributions of individuals to the Group.

Details of the remuneration of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in note 8 (for the Directors) and note 9 (for the five highest paid individuals) to the financial statements.

The Directors' remuneration are subject to the authority granted by the shareholders of the Company to the Board to fix their remuneration or shareholders' approval at general meetings and monitored by the remuneration committee on a continuous basis. Other emoluments are determined by the Company's remuneration committee with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, or any of the Company's subsidiaries was a party at any time during or as at the end of the year ended 31 December 2021.

As at 31 December 2021, no contract of significance had been entered into between the Company, or any of its subsidiaries and the Controlling Shareholder of the Company (as defined in the GEM Listing Rules) or any of its subsidiaries.

COMPETING BUSINESS

For the year ended 31 December 2021, none of the Directors, controlling shareholder or their respective close associates (as defined in the GEM Listing Rules) has any interests in a business that competes or is likely to compete either directly or indirectly with the business of the Group.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during the year ended 31 December 2021.

Directors' and chief executive's interests and short positions in shares and underlying shares and debentures

As at 31 December 2021, the interests and short positions of directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) held by the Directors and chief executives of the Company (the "Chief Executives") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

Name of Director	Number of shares/ Position	Percentage of shareholding	Capacity
Mr. Chua Kang Lim ("Mr. Chua")	64,605,000 *(Note)* Long position	8.27%	Interest of controlled company and beneficial owner
Ms. Chua Sui Feng	6,400,000 Long position	0.82%	Beneficial owner

Note: 58,205,000 shares are held by Ventris Global Limited ("Ventris"). The entire issued share capital of Ventris is legally and beneficially owned by Mr. Chua. Mr. Chua is deemed to be interested in the shares of the Company in which Ventris is interested under Part XV of the SFO.

DIRECTORS' INTEREST IN THE SHARES OF VENTRIS, AN ASSOCIATED CORPORATION OF THE COMPANY

Director	Capacity/Nature of interest	Number of shares in Ventris	Percentage of shareholding in Ventris
Mr. Chua	Beneficial owner	1 Long position	100%

Save as disclosed above, as at 31 December 2021, none of the Directors or the Chief Executive of the Company had any interests or short positions in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") which became effective on 18 October 2017. The following is a summary of the principal terms and conditions of the Share Option Scheme.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Company to grant options to any employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary (including any director of our Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of our Board has contributed or may contribute to our Group (the "Eligible Participants"), as incentive or reward for their contribution to our Group to subscribe for the shares of the Company thereby linking their interest with that of our Group.

(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, our Directors may, in its absolute discretion make offer to the Eligible Participants. An offer shall be made to an Eligible Participant in writing in such form as our Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from, and inclusive of, the date upon which it is made provided that no such offer shall be open for acceptance after ten years from the adoption date of the Share Option Scheme or the termination of the same or after the Eligible Participant to whom the offer is made ceased to be an Eligible Participant.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the offer date).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of shares which are offered provided that it is accepted in respect of a board lot for dealing in the shares on the Stock Exchange or an integral multiple thereof.

(c) Subscription Price

The subscription price for shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) Maximum number of shares

(i) Subject to (iii) below, the maximum number of shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Group shall not exceed such number of shares as equals 10% of the issued share capital of our Company at the effective date of the Share Option Scheme, i.e. the Listing Date. On the basis of a total of 640,000,000 shares in issue as at the Listing Date, the relevant limit is 64,000,000 shares which represent 10% of the issued shares on the Listing Date and the date of this annual report. Our Company may seek approval by the Shareholders in general meeting to refresh the 10% limit provided that the total number of shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of our Group in these circumstances must not exceed 10% of the issued share capital of our Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(ii) Our Company may seek separate approval by the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the limit are granted only to Eligible Participant specifically identified by our Company before such approval is sought. Our Company will send a circular to the Shareholders containing a generic description of the specified Eligible Participant who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the GEM Listing Rules from time to time.

(iii) The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of our Group must not exceed 30% of the shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.

(iv) Unless approved by the Shareholders in the manner set out below, the total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue. Where any further grant of options to an Eligible Participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or his/her associates if the Eligible

Participant is a connected person of our Company) abstaining from voting. Our Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the GEM Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before our Shareholders' approval and the date of meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(v) Each grant of options to any of our Directors, chief executive or substantial shareholders of our Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial shareholder or an independent non-executive Director, or any of his/her respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1 per cent. of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of options must be approved by the shareholders. The Company must send a circular to the shareholders. All the grantee, his/her associates and all core connected persons of our Company must abstain from voting at such general meeting, except that any of them may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by our Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

Although there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

Movements in the share options granted under the Share Option Scheme during the year ended 31 December 2021 is set out below:

	Date of grant	Exercisable period	Exercise price *HK$*	Closing price per share immediately before the date of grant *HK$*	No. of options granted during the year ended 31 December 2021	No. of options exercised during the year ended 31 December 2021	No. of options outstanding as at 31 December 2021	Approximate percentage of the underlying shares for the options in the issued shares of the Company as at 31 December 2021
Mr. Chua Kang Lim	21 May 2021	21 May 2021 to 20 May 2024	0.285	0.285	6,400,000	(6,400,000)	–	0.82%
Ms. Chua Sui Feng	21 May 2021	21 May 2021 to 20 May 2024	0.285	0.285	6,400,000	(6,400,000)	–	0.82%
Employees (note 1)	21 May 2021	21 May 2021 to 20 May 2024	0.285	0.285	51,200,000	–	51,200,000	6.56%
Total					64,000,000	(12,800,000)	51,200,000	8.20%

Note:

1. Options have been granted to 8 employees. Each of them have 6,400,000 Options.

The Share Option Scheme will expire on 17 October 2027.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended 31 December 2021 and up to the date of this report, except for the Share Option Scheme, the Company or any of its subsidiaries is not a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year ended 31 December 2021.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries, or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors and the Chief Executive are aware, as at 31 December 2021, other than the Directors and Chief Executive, the following person had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Shareholder		Number of shares/ Position	Percentage of shareholding	Capacity
1.	Ventris Global Limited	58,205,000	7.45%	Beneficial owner
2.	Mr. Dai Wangfei	79,000,000	10.12%	Beneficial owner
3.	Mr. Wang Hufei	203,340,000	26.04%	Beneficial owner

Save as disclosed above, as at 31 December 2021, the Directors and the Chief Executive of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Company and the Group had no transactions which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares are held by the public as at the date of this report and the Company has maintained prescribed public float under the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 33 to the financial statements.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

A full corporate governance report is set out on pages 15 to 26 of this annual report.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 December 2021. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

AUDITORS

Ernst & Young retired as auditors of the Company with effect from 28 June 2021 and McMillan Woods (Hong Kong) CPA Limited was appointed as the new auditors to fill the causal vacancy. The financial statements for the year ended 31 December 2021 was audited by McMillan Woods (Hong Kong) CPA Limited. McMillan Woods (Hong Kong) CPA Limited will retire at the conclusion of the forthcoming annual general meeting and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the board of directors

Chua Kang Lim
Chairman

Hong Kong
28 March 2022

McMillanWoods
Professionalism at the forefront

To the shareholders of C&N Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of C&N Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 66 to 123, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ('HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters we identified are: (i) Impairment for trade receivables; and (ii) impairment of non-financial assets.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment for trade receivables As at 31 December 2021, trade receivables of the Group amounted to S$3,843,489. The Group's trade receivables balance was significant to the Group as it represented approximately 15% of the total assets of the Group. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The determination as to whether trade receivables are impaired involves management judgement and estimates. As such, we determined that this is a key audit matter. Management considered the age of the outstanding balances, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of customers. Management incorporated this information together with the default rate of the industry and forward-looking growth rate to determine the allowance of expected credit losses on trade receivables. The significant accounting judgements and estimates and disclosures related to trade receivables are included in notes 2.4, 3 and 18 to the Group's consolidated financial statements.	Our audit procedures included, but are not limited to the following procedures. We assessed the Group's processes relating to the monitoring of trade receivables and reviewed the ageing of receivables to identify collection risks. We requested trade receivable confirmations, reviewed management's reconciliation of confirmation replies, where applicable, and obtained evidence of receipts from selected customers subsequent to financial year end. We assessed management's assumptions used in assessing the expected credit losses through review of specific debtors' payment history and management's assessment of credit risk of these debtors. We also reviewed and assessed management's expected credit loss model assessment and assessed the adequacy of the Group's disclosures of trade receivables and the related risks such as credit risk and liquidity risk in note 32 to the consolidated financial statements.
Impairment of non-financial assets As at 31 December 2021, the carrying values of the Group's property, plant and equipment, right-of-use assets and intangible assets amounted to S$9,388,975, S$700,197 and S$212,510 respectively, which in total, represented approximately 40% of the total assets of the Group. The determination of the recoverable amount, being the higher of fair value less costs of disposal and value-in-use, requires management judgement. As such, we determined that this is a key audit matter. The accounting policies and disclosures in respect of impairment of non-financial assets are included in notes 2.4, 3 and 13 to the Group's consolidated financial statements.	Our audit procedures included, but are not limited to the following procedures. We evaluated the Group's policies and procedures to identify triggering events for potential impairment of non-current assets. We assessed whether there were any indicators exist and whether non-current assets were impaired. We involved our auditor's expert to assist us with our evaluation of management's impairment assessments and tested the reasonableness of inputs and assumptions adopted therein, and assessed the results of their work as part of our audit. We assessed the adequacy of the Group's disclosures in the consolidated financial statements.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 22 March 2021.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Lo Ka Ki
Audit Engagement Director
Practising Certificate Number: P06633

24/F, Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

Hong Kong, 28 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2021

	Notes	**2021**	2020
		$	*$*
Revenue	5	**26,219,156**	26,263,891
Cost of sales		**(24,878,345)**	(24,764,822)
Gross profit		**1,340,811**	1,499,069
Other income	5	**742,828**	1,546,602
Administrative expenses		**(5,969,535)**	(3,977,633)
Finance costs	6	**(117,374)**	(69,443)
Loss before tax	7	**(4,003,270)**	(1,001,405)
Income tax credit	10	**398,335**	189,995
Loss for the year and total comprehensive loss for the year		**(3,604,935)**	(811,410)
Loss per share attributable to ordinary equity holders of the Company			
Basic and diluted	12	**(0.0051)**	(0.0013)

Consolidated Statement of Financial Position

31 December 2021

	Notes	2021 $	2020 $
Non-current assets			
Property, plant and equipment	13	**9,388,975**	9,491,718
Right-of-use assets	14(a)	**700,197**	1,949,999
Intangible assets	15	**212,510**	292,200
Deferred tax assets	16	**297,584**	94,607
Deposits	17	**52,500**	52,500
Total non-current assets		**10,651,766**	11,881,024
Current assets			
Trade receivables	18	**3,843,489**	4,494,439
Deposits and other receivables	17	**132,138**	184,595
Contract assets	19	**1,323**	25,685
Prepayments		**561,227**	51,177
Pledged deposits	20	**503,642**	503,517
Cash and bank balances	20	**10,065,121**	11,643,529
Total current assets		**15,106,940**	16,902,942
Current liabilities			
Trade payables	21	**1,032,651**	1,244,185
Contract liabilities	22	**–**	188,691
Other payables and accruals	23	**1,068,118**	1,227,884
Loans and borrowings	24	**1,476,449**	1,444,915
Total current liabilities		**3,577,218**	4,105,675
Net current assets		**11,529,722**	12,797,267
Total assets less current liabilities		**22,181,488**	24,678,291
Non-current liabilities			
Loans and borrowings	24	**920,657**	4,304,017
Deferred tax liabilities	16	**351,868**	547,226
Total non-current liabilities		**1,272,525**	4,851,243
Net assets		**20,908,963**	19,827,048
Equity			
Share capital	25	**1,350,206**	1,106,317
Reserves	26	**19,558,757**	18,720,731
Total equity		**20,908,963**	19,827,048

Approved and authorised for issue by the Board of Director on 28 March 2022.

Chua Kang Lim
Director

Chua Sui Feng
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Share capital $	Share premium $	Option reserves $	Accumulated losses $	Total equity $
At 1 January 2021	**1,106,317**	**19,773,348**	**–**	**(1,052,617)**	**19,827,048**
Placing of shares	**221,658**	**2,397,637**	**–**	**–**	**2,619,295**
Cost of shares issued under Placement	**–**	**(86,732)**	**–**	**–**	**(86,732)**
Share options issued	**–**	**–**	**1,520,706**	**–**	**1,520,706**
Issue of shares upon exercise of share options	**22,231**	**957,604**	**(346,254)**	**–**	**633,581**
Loss for the year and total comprehensive loss for the year	**–**	**–**	**–**	**(3,604,935)**	**(3,604,935)**
At 31 December 2021	**1,350,206**	**23,041,857***	**1,174,452***	**(4,657,552)***	**20,908,963**

	Share capital $	Share premium $	Option reserves $	Accumulated losses $	Total equity $
At 1 January 2020	1,106,317	19,773,348	–	(241,207)	20,638,458
Loss for the year and total comprehensive loss for the year	–	–	–	(811,410)	(811,410)
At 31 December 2020	1,106,317	19,773,348*	–	(1,052,617)*	19,827,048

* These reserve accounts comprise the consolidated reserves of $19,558,757 (2020: $18,720,731) in the consolidated statement of financial position.

	Notes	2021 $	2020 $
Cash flows from operating activities			
Loss before tax		**(4,003,270)**	(1,001,405)
Adjustments for:			
Depreciation of property, plant and equipment	13	**1,878,316**	1,615,315
Depreciation of right-of-use assets	14	**570,148**	931,062
Amortisation of intangible assets	15	**79,690**	79,689
(Gain)/loss on disposal of items of property, plant and equipment	7	**(55,953)**	26,947
Finance costs	6	**117,374**	69,443
Income from rental relief	14	**–**	(29,890)
Exchange (gain)/loss, net		**(95,767)**	30,411
Share-based payment expenses		**1,520,706**	–
		11,244	1,721,572
Decrease in trade receivables		**650,950**	223,426
Decrease/(increase) in contract assets		**24,362**	(21,741)
Decrease/(increase) in deposits and other receivables		**52,457**	(124,543)
Increase in prepayments		**(510,050)**	(4,569)
(Decrease)/increase in trade payables		**(211,534)**	150,667
(Decrease)/increase in other payables and accruals		**(159,766)**	251,867
(Decrease)/increase in contract liabilities		**(188,691)**	48,260
Cash (used in)/generated from operations		**(331,028)**	2,244,939
Income tax paid		**–**	(6,795)
Net cash flows (used in)/generated from operating activities		**(331,028)**	2,238,144
Cash flows from investing activities			
Purchase of items of property, plant and equipment	13	**(552,430)**	(50,912)
Purchase of items of right-of-use assets	14	**–**	(47,000)
Proceeds from disposal of items of property, plant and equipment		**121,690**	89,000
Net cash flows used in investing activities		**(430,740)**	(8,912)
Cash flows from financing activities			
Proceeds from placing of shares, net of expenses		**2,532,563**	–
Proceeds from issuance of shares upon exercise of share options		**633,581**	–
Increase in pledged deposits		**(125)**	(1,008)
Repayment of loans and borrowings		**(3,315,056)**	(289,588)
Payment of principal portion of lease liabilities		**(672,159)**	(1,761,385)
Proceeds from loans and borrowings		**–**	5,000,000
Interest paid		**(91,211)**	(69,443)
Net cash flows (used in)/from financing activities		**(912,407)**	2,878,576
Net (decrease)/increase in cash and cash equivalents		**(1,674,175)**	5,107,808
Cash and cash equivalents at beginning of year		**11,643,529**	6,566,132
Effect of foreign exchange rate changes, net		**95,767**	(30,411)
Cash and cash equivalents at end of year		**10,065,121**	11,643,529

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. The head office and principal place of business of the Group is at 3 Soon Lee Street, #06–03, Pioneer Junction, Singapore 627606.

The Company is an investment holding company. Its subsidiaries are engaged in offering various transport management services to the logistics industry in Singapore, primarily trucking and hubbing.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Company name	Place of incorporation/ operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CA Transportation & Warehousing Pte	Singapore	$3,000,000	–	100%	Trucking and hubbing
Nexis Logistics Services Pte Ltd.	Singapore	$200,000	–	100%	Trucking and hubbing
New Pine Global Limited	The British Virgin Islands	US$3	100%	–	Investment holding
Loyal Zone Limited	The British Virgin Islands	US$3	100%	–	Investment holding
C&N Hong Kong Limited	Hong Kong	HK$1,000	100%	–	Inactive
Succoss Elegant Limited	Hong Kong	HK$1	100%	–	Inactive

2.1 BASIS OF PREPARATION

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which include International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are presented in Singapore dollars ("S$" or "$") except when otherwise indicated.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform-Phase 2*

In addition, the Group has early applied the Amendments to IFRS 16, COVID-19-Related Rent Concessions beyond 31 December 2021.

The application of the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

Other than the amendments to IFRS 16, COVID-19 Related Rent Concessions beyond 31 December 2021, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3 Business Combination — Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 Onerous contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRSs 2018 — 2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made as at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fair value measurement

The Group measures its equity investment at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Motor vehicles	5 years to 10 years
Furniture and fittings	5 years
Office equipment	1 year
Computers	1 year
Properties	26 years
Leasehold improvements	2 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least as at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer software

Purchased computer software is stated at cost, less any impairment losses, and is amortised on the straight-line basis over its estimated useful lives of 5 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Yard	2 years
Motor vehicles	10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

The Group's lease liabilities are included in loans and borrowings.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of yard and workers' dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences as at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Where the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Job Support Scheme

The Job Support Scheme enables the Singapore Government to provide wage support to employers to help them retain their local employees during this period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants (continued)

Rental relief

Qualifying property owners received support via a Singapore Government cash grant and they must in turn provide the necessary rental relief to their eligible Small and Medium Enterprises ("SMEs") and Non-Profit organization ("NPOs") tenant-occupiers of the prescribed under the Rental Relief Framework.

Foreign worker levy waiver and rebate

The Singapore Government provided business employers who hire foreign workers and S-passes with Foreign Worker Levy ("FWL") and FWL rebates to ease the labour costs of such firms.

Property tax rebate

The Singapore Government had given remission of property tax rebate (property tax rebates) under section 6(8) of the Property Tax Act (Cap. 254) to qualifying non-residential properties in response to the COVID-19 pandemic. For the portion of a non-residential property leased out to a lessee (tenant), the owner of the property (landlord) must transfer the benefit from the property tax rebate under section 29 of the COVID-19 (Temporary Measures) Act 2020. For the vacant portion of the property, the landlord itself will benefit from the property tax rebate.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Rendering of services

The majority of revenue is derived from the provision of transport management service, such as trucking and hubbing of customer products.

Trucking income is recognised over time when services are provided because the customer simultaneously receives and consumes the benefits provided by the Group. The revenue is recognised by reference to the progress towards complete satisfaction of the relevant performance obligation. The progress towards completes satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, the best depict the Group's performance in transferring control of goods and services.

In previous year, trucking income was recognised at a point in time. The Group adopted the change because the trucking income meets the "over time" criterion set out in IFRS 15 Revenue from Contracts with Customers. The change in the revenue recognition policy does not result in any change in any line items of the financial statements for current or prior years presented, as the performance obligation can be completed in a very short period of time.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(a) Rendering of services (continued)

Hubbing income is recognised over the respective storage periods on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

Employee benefits

Defined contribution plans

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The Group issues equity-settled share-based payments to certain directors and employees.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Dividend

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The financial statements are presented in Singapore dollar, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) *Identifying performance obligations in a bundled service of trucking services and hubbing services*

The Group provides trucking services that are either provided separately or bundled together with the providing of hubbing services to a customer. The Group determined that both trucking services and hubbing services are each capable of being distinct. Trucking services mainly refer to the transportation of containers using prime movers or the transportation of loose goods using lorries and other ancillary services. Hubbing services refer to container storage services provided through container yards leased by the Group. Although, the trucking services and hubbing services are usually inputs to a combined item in the contract, the Group determined that the promises to provide the trucking services and the hubbing services are distinct within the context of the contract. For trucking business, the Group needs to deliver the goods to the designated point while hubbing business, the Group has to sublet their yards to their customers to allow them to store their containers. In addition, the trucking services and hubbing services are not highly interdependent or highly interrelated, because the Group would be able to provide the trucking services even if the customer declined hubbing services. Consequently, the Group has allocated a portion of the transaction price to the trucking services and the hubbing services based on relative standalone selling prices.

(b) *Determining the timing of satisfaction of hubbing services*

The Group concluded that revenue from hubbing services is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group determined that hubbing income is recognised over the respective storage periods on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) *Significant increase in credit risk*

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The carrying amount of non-financial assets at 31 December 2021 is $10,301,682 (2020: $11,733,917).

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 32 to the consolidated financial statements.

As at 31 December 2021, the carrying amount of trade receivables and contract assets is $3,844,812 (net allowance for doubtful debts of Nil) (2020: $4,520,124 (net allowance for doubtful debts of Nil)).

Fair value of share options granted

As set out in note 27 to the consolidated financial statements, share option expense is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behavior, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option model be changed, there would be material changes in the amount of share-based payment recognised in the profit or loss and option reserve

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Fair value of share options granted (continued)

During the year 31 December 2021, share-based payment amounted to $1,520,706 (2020: Nil) was recognised in profit or loss in respect of fair value of share options granted to Directors and employees.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2021 was $212,955 (2020: $187,600). The amount of unrecognised tax losses at 31 December 2021 was $468,012 (2020: $468,012). Further details are contained in note 16 to the consolidated financial statements.

4. SEGMENT INFORMATION

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

(a) the trucking segment refers to the provision of cargo transportation and other related services. The Group offers cargo transportation services, primarily of containers, from customers' designated pick up points to their designated delivery points within Singapore.

(b) the hubbing segment refers to the offering of the Group's container storage facility at its logistics yard to its customers.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income, non-lease-related finance costs, as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, loans and borrowings (other than lease liabilities), deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. SEGMENT INFORMATION (continued)

Year ended 31 December 2021	Trucking $	Hubbing $	Total $
Segment revenue *(note 5)*			
Sales to external customers	21,496,842	4,722,314	26,219,156
Segment results	438,806	902,005	1,340,811
Reconciliation			
Other income			742,828
Finance costs (other than interest on lease liabilities)			(117,374)
Corporate and other unallocated expenses			(5,969,535)
Loss before tax			(4,003,270)
Segment assets	12,057,416	1,875,245	13,932,661
Reconciliation			
Deferred tax assets			297,584
Pledged deposits			503,642
Cash and bank balances			10,065,121
Corporate and other unallocated assets			959,698
Total assets			25,758,706
Segment liabilities	1,272,130	189,409	1,461,539
Reconciliation			
Loans and borrowings			2,397,106
Deferred tax liabilities			351,868
Corporate and other unallocated liabilities			639,230
Total liabilities			4,849,743
Other segment information			
Depreciation and amortisation	1,783,472	626,484	2,409,956
Unallocated amounts			118,198
			2,528,154
Capital expenditure*	272,430	889,226	1,161,656

* Represents additions to property, plant and equipment and right-of-use assets

4. SEGMENT INFORMATION (continued)

Year ended 31 December 2020	Trucking $	Hubbing $	Total $
Segment revenue *(note 5)*			
Sales to external customers	21,673,030	4,590,861	26,263,891
Segment results	604,302	894,767	1,499,069
Reconciliation			
Other income			1,546,602
Finance costs (other than interest on lease liabilities)			(35,958)
Corporate and other unallocated expenses			(4,011,118)
Loss before tax			(1,001,405)
Segment assets	14,295,239	1,640,917	15,936,156
Reconciliation			
Deferred tax assets			94,607
Pledged deposits			503,517
Cash and bank balances			11,643,529
Corporate and other unallocated assets			606,157
Total assets			28,783,966
Segment liabilities	2,191,234	44,816	2,236,050
Reconciliation			
Loans and borrowings			5,185,955
Deferred tax liabilities			547,226
Corporate and other unallocated liabilities			987,687
Total liabilities			8,956,918
Other segment information			
Depreciation and amortisation	1,902,601	596,333	2,498,934
Unallocated amounts			127,132
			2,626,066
Capital expenditure*	50,912	470,000	520,912

* Represents additions to property, plant and equipment and right-of-use assets

4. SEGMENT INFORMATION (continued)

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue is set out below:

	2021	2020
	$	*$*
Customer A	**9,228,654**	11,042,686
Customer B	**3,938,252**	3,385,967
Customer C	**2,852,310**	2,712,541

The revenue from the above major customers was derived from both the trucking and hubbing segments.

Information about geographical areas

Since all of the Group's revenue and profit were generated from the provision of trucking and hubbing services in Singapore and all of the Group's non-current assets were located in Singapore for the years ended 31 December 2021 and 2020, no geographical segment information in accordance with IFRS 8 *Operating Segments* is provided.

5. REVENUE AND OTHER INCOME

Revenue represents the value of services rendered, net of GST, during the year.

An analysis of revenue is as follows:

	2021	2020
	$	*$*
Revenue from contracts with customers within the scope of IFRS 15	**26,219,156**	26,263,891

Revenue from contracts with customers within the scope of IFRS 15

(i) Disaggregated revenue information

	2021	2020
	$	*$*
Types of goods or services		
Trucking services	**21,496,842**	21,673,030
Hubbing services	**4,722,314**	4,590,861
	26,219,156	26,263,891
Timing of revenue recognition		
Services transferred over time	**26,219,156**	26,263,891

5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

Geographical markets

All of the Group's revenue were generated in Singapore.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021	2020
	$	*$*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Trucking services	**188,691**	140,431

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Trucking income

The performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, using output method.

Hubbing income

The performance obligation is satisfied over the respective storage periods on a straight-line basis.

The amounts of transactions prices allocated to the performance obligations are expected to be recognised as revenue within one year.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

Other income

An analysis of other income is as follows:

	2021	2020
	$	*$*
Interest income	**—**	1,008
Gain on disposal of items of property, plant and equipment	**55,953**	—
Government grants	**591,108**	1,545,594
Exchange gain	**95,767**	—
	742,828	1,546,602

There were no unfulfilled conditions or contingencies relating to the various government grants mainly Jobs Support Scheme received from the Singapore Government.

6. FINANCE COSTS

	2021	2020
	$	*$*
Interest on lease liabilities	**26,163**	33,485
Interest on bank borrowings	**91,211**	35,958
	117,374	69,443

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2021	2020
	$	*$*
Employee benefits (excluding Directors' remuneration *(note 8)*)		
— Salaries and wages	**7,644,788**	7,783,083
— CPF contributions	**354,466**	641,657
— Share-based payments	**1,174,452**	—
	9,173,706	8,424,740
Depreciation of property, plant and equipment *(note 13)*	**1,878,316**	1,615,315
Amortisation of intangible assets *(note 15)*	**79,690**	79,689
Depreciation of right-of-use assets *(note 14)*	**570,148**	931,062
Lease payments not included in the measurement of lease liabilities *(note 14)*	**916,000**	936,954
Auditor's remuneration		
— Current	**132,450**	155,280
— Underprovision in prior years	**91,688**	—
	224,138	155,280
(Gain)/loss on disposal of items of property, plant and equipment	**(55,953)**	26,947
Exchange (gain)/loss, net	**(95,767)**	30,411

8. DIRECTORS' REMUNERATION

Certain Directors received remuneration from the subsidiaries of the Group, for their appointment as Directors of these subsidiaries. The aggregated remuneration received or receivable by each of the Directors of the Company is set out below:

	Note	Fees $	Salaries and bonused $	CPF contributions $	Share-based payments $	Total $
Year ended 31 December 2021						
CHUA KANG LIM		**—**	**497,844**	**16,311**	**173,127**	**687,282**
CHUA SUI FENG		**—**	**129,661**	**22,308**	**173,127**	**325,096**
FUNG MEE KUEN	(i)	**5,256**	**—**	**—**	**—**	**5,256**
		5,256	**627,505**	**38,619**	**346,254**	**1,017,634**
Year ended 31 December 2020						
CHUA KANG LIM		120,000	450,225	14,383	—	584,608
CHUA SUI FENG		—	117,450	19,968	—	137,418
		120,000	567,675	34,351	—	722,026

(i) appointed on 29 September 2021

The fees paid or payable to independent non-executive Directors of the Company during the year were as follows:

		2021 $	2020 $
Teo Dax Tak Sin	(resigned on 29 September 2021)	**15,000**	20,000
Kwong Choong Kuen	(resigned on 23 August 2021)	**16,131**	25,000
Grace Choong Mai Foong		**20,000**	20,000
Cheung Wai Kin	(appointed on 23 August 2021)	**7,509**	—
Lo Suet Lai	(appointed on 29 September 2021)	**5,256**	—
		63,896	65,000

There were no other emoluments paid or payable to the independent non-executive directors during the year (2020: Nil).

There was no arrangement under which a director of the Company waived or agreed to waive any remuneration during the year (2020: Nil).

During the year and in the prior year, no emoluments were paid by the Group to the Directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two Directors (2020: two Directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining three (2020: three) highest paid employees who are neither a director nor chief executive of the Group are as follows:

	2021	2020
	$	$
Salaries and bonuses	169,250	394,110
CPF contributions	22,653	43,857
Share-based payments	293,614	—
Total	485,517	437,967

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	2021	2020
HK$1,000,001 to HK$2,000,000	1	1
Nil to HK$1,000,000	2	2

During the year and in the prior years, no emoluments were paid by the Group to the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

10. INCOME TAX CREDIT

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the year (2020: Nil).

10. INCOME TAX CREDIT (continued)

The Singapore statutory income tax rate has been provided at the rate of 17% (2020: 17%) for the year. Income tax expense of the Group relates wholly to the taxable profits of its two operating subsidiaries which were taxed at the statutory tax rate of 17% in Singapore. Major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021	2020
	$	$
Current tax — Singapore		
— Charge for the year	**–**	—
— Overprovision in respect of prior years	**–**	(98)
	–	(98)
Deferred tax		
— Origination and reversal of temporary differences	**(322,176)**	(201,429)
— (Over)/underprovision in respect of prior years	**(76,159)**	11,532
	(398,335)	(189,897)
Total income tax credit for the year	**(398,335)**	(189,995)

A reconciliation of the income tax credit applicable to loss before tax at the statutory rate for the jurisdiction in which the Company's subsidiaries are domiciled to the income tax credit at the Group's effective tax rate is as follows:

	2021	2020
	$	$
Loss before tax	**(4,003,270)**	(1,001,405)
Tax at Singapore statutory tax rate of 17%	**(680,556)**	(170,239)
Expenses not deductible for tax	**443,736**	160,421
Income not subjected to tax	**(76,828)**	(271,344)
Tax losses not recognised	**–**	79,562
(Over)/underprovision in respect of prior years	**(76,159)**	11,434
Others	**(8,528)**	171
Income tax credit at the Group's effective tax rate	**(398,335)**	(189,995)

11. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year (2020: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

	2021	2020
	$	*$*
Loss attributable to the ordinary equity holders of the Company	**(3,604,935)**	(811,410)
Weighted average number of ordinary shares in issue	**712,872,329**	640,000,000
Basic and diluted loss per share	**(0.0051)**	(0.0013)

The calculation of the basic loss per share is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue.

For the purpose of calculation of diluted loss per share, no adjustment has been made to the number of shares as the Company's potential ordinary shares in respect of outstanding share options have no dilutive effect for the year ended 31 December 2021. For the year ended 31 December 2020, the Company did not have any dilutive potential share to give rise to dilution effect.

13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Furniture and fittings	Office equipment	Computers	Properties	Leasehold improvements	Total
	$	$	$	$	$	$	$
Cost							
At 1 January 2020	22,121,030	1,971	590	157,484	1,189,985	50,719	23,521,779
Additions	50,912	–	–	–	–	–	50,912
Disposals	(1,243,302)	–	–	–	–	–	(1,243,302)
Reclassification from right-of-use assets	3,762,138	–	–	–	–	–	3,762,138
At 31 December 2020 and 1 January 2021	24,690,778	1,971	590	157,484	1,189,985	50,719	26,091,527
Additions	272,430	–	–	–	280,000	–	552,430
Disposals	(2,106,381)	–	–	–	–	–	(2,106,381)
Reclassification from right-of-use assets	2,111,405	–	–	–	–	–	2,111,405
At 31 December 2021	24,968,232	1,971	590	157,484	1,469,985	50,719	26,648,981
Acumulated depreciation							
At 1 January 2020	14,424,240	1,971	590	155,253	245,683	50,719	14,878,456
Charge for the year	1,567,872	–	–	2,231	45,212	–	1,615,315
Disposals	(1,127,355)	–	–	–	–	–	(1,127,355)
Reclassification from right-of-use assets	1,233,393	–	–	–	–	–	1,233,393
At 31 December 2020 and 1 January 2021	16,098,150	1,971	590	157,484	290,895	50,719	16,599,809
Charge for the year	1,824,937	–	–	–	53,379	–	1,878,316
Disposals	(2,040,644)	–	–	–	–	–	(2,040,644)
Reclassification from right-of-use assets	822,525	–	–	–	–	–	822,525
At 31 December 2021	16,704,968	1,971	590	157,484	344,274	50,719	17,260,006
Net book value							
At 31 December 2020	8,592,628	–	–	–	899,090	–	9,491,718
At 31 December 2021	8,263,264	–	–	–	1,125,711	–	9,388,975

1 During the financial year, the Group had transferred costs of $2,111,405 (2020: $3,762,138) and accumulated depreciation of $822,525 (2020: $1,233,393) from right-of-use assets to property, plant and equipment at the end of the lease term (note 14).

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Assets pledged as securities

The Group's properties with an aggregate carrying amount of $853,878 (2020: $899,090) were mortgaged to secure the Group's bank loans as at 31 December 2021 (note 24(a)(i)).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of motor vehicles and yard used in its operations. Leases for yard generally have lease terms of 2 years, while motor vehicles generally have lease terms of 3 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. The Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Yard	Motor vehicles	Total
	$	*$*	*$*
As at 1 January 2020	308,914	4,630,892	4,939,806
Additions	—	470,000	470,000
Depreciation charge	(308,914)	(622,148)	(931,062)
Reclassification to property, plant and equipment *(note 13)*	—	(2,528,745)	(2,528,745)
As at 31 December 2020 and 1 January 2021	—	1,949,999	1,949,999
Additions	609,226	—	609,226
Depreciation charge	(304,613)	(265,535)	(570,148)
Reclassification to property, plant and equipment *(note 13)*	—	(1,288,880)	(1,288,880)
As at 31 December 2021	304,613	395,584	700,197

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities (included under loans and borrowings) and the movements during the year are as follows:

	2021 $	2020 $
Carrying amount at 1 January	**562,977**	1,931,252
New leases	**609,226**	423,000
Accretion of interest recognised during the year	**26,163**	33,485
Rental relief	**–**	(29,890)
Payments	**(672,159)**	(1,794,870)
Carrying amount at 31 December	**526,207**	562,977
Analysed into:		
Current portion	**452,804**	346,313
Non-current portion	**73,403**	216,664

The maturity analysis of lease liabilities is disclosed in note 32 to the consolidated financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 $	2020 $
Interest on lease liabilities *(note 6)*	**26,163**	33,485
Depreciation of right-of-use assets	**570,148**	931,062
Expense relating to short-term leases (included in cost of sales)	**916,000**	900,000
Expense relating to short-term leases (included in administrative expenses)	**–**	36,954
Income from rental relief	**–**	(29,890)
Total amount recognised in profit or loss	**1,512,311**	1,871,611

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 28(c), to the financial statements.

15. INTANGIBLE ASSETS

	Computer Software $
Cost:	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	398,450
Accumulated amortisation:	
At 1 January 2020	26,561
Amortisation for the year	79,689
At 31 December 2020 and 1 January 2021	106,250
Amortisation for the year	79,690
At 31 December 2021	185,940
Net book value:	
At 31 December 2020	292,200
At 31 December 2021	212,510

Computer software is amortised using the straight-line method over its estimated useful life of 5 years.

16. DEFERRED TAX

The components of deferred tax assets and liabilities with the net balance recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax liabilities arising from:

	Excess of net book values of plant and equipment and right-of-use assets over tax values	Total
	$	$
At 1 January 2020	1,099,598	1,099,598
Charged to profit or loss during the year *(note 10)*	(454,447)	(454,447)
At 31 December 2020 and 1 January 2021	645,151	645,151
Charged to profit or loss during the year *(note 10)*	(370,749)	(370,749)
At 31 December 2021	274,402	274,402

Deferred tax assets arising from:

	Provision	Tax benefit available for offsetting against future taxable profits	Total
	$	$	$
At 1 January 2020	1,261	455,821	457,082
Credited/(charged) to profit or loss during the year *(note 10)*	3,671	(268,221)	(264,550)
At 31 December 2020 and 1 January 2021	4,932	187,600	192,532
Credited to profit or loss during the year *(note 10)*	2,231	25,355	27,586
At 31 December 2021	7,163	212,955	220,118

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $468,012 (2020: $468,012) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses and capital allowances have no expiry date.

16. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021 $	2020 $
Net deferred tax assets recognised in the consolidated statement of financial position	**297,584**	94,607
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(351,868)**	(547,226)
	(54,284)	(452,619)

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders.

17. DEPOSITS AND OTHER RECEIVABLES

	2021 $	2020 $
Non-current:		
Deposits	**52,500**	52,500
Current:		
Other receivables	**100**	–
Grant receivable	**–**	156,305
Deposits	**132,038**	28,290
	132,138	184,595

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2021 and 2020, the loss allowance was assessed to be minimal. The balance of other receivables is unsecured, interest-free and repayable on demand.

18. TRADE RECEIVABLES

	2021	2020
	$	$
External parties	**3,843,489**	4,494,439

Trade receivables are all non-interest-bearing and are generally repayable on terms of 30 to 60 days.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice dates, is as follows:

	2021	2020
	$	$
Less than 30 days	**2,552,312**	2,719,840
31 to 60 days	**1,140,755**	1,425,081
61 to 90 days	**137,946**	331,313
More than 90 days	**12,476**	18,205
Total	**3,843,489**	4,494,439

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The credit risk exposure on the Group's trade receivables using a provision matrix is minimal.

19. CONTRACT ASSETS

	31 December 2021	31 December 2020	1 January 2020
	$	$	$
Contract assets arising from:			
Trucking services	**1,323**	25,685	3,944

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for providing trucking services. Contract assets are transferred to receivables when the rights become unconditional (i.e invoiced). The expected timing of recovery or settlement for contract assets as at 31 December 2021 is within one year. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit loss. As at 31 December 2021, the loss allowance was assessed to be minimal.

20. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	2021 $	2020 $
Cash and bank balances	**10,065,121**	11,643,529
Time deposits	**503,642**	503,517
	10,568,763	12,147,046
Less: Pledged time deposits:		
Pledged for bank loans *(note 24 (a)(ii))*	**(503,642)**	(503,517)
Cash and bank balances	**10,065,121**	11,643,529

Cash at banks are denominated in S$ and Hong Kong dollars ("HK$"), and earn interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Cash and bank balances denominated in HK$ amounted to $6,131,182 (2020: $3,139,209) as at 31 December 2021.

21. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled on terms of 30 days.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

	2021 $	2020 $
Less than 30 days	**761,484**	868,624
31 to 60 days	**270,223**	375,561
61 to 90 days	**944**	—
	1,032,651	1,244,185

22. CONTRACT LIABILITIES

	31 December 2021 $	31 December 2020 $	1 January 2020 $
Short-term advances received from customers			
Trucking services	–	188,691	140,431

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received short-term advances from customers for sales of goods and services.

Movements in contract liabilities:

	2021 $	2020 $
Balance at 1 January	188,691	140,431
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(188,691)	(140,431)
Increase in contract liabilities as a result of billing in advance from customers for sales of goods and services	–	188,691
Balance at 31 December	–	188,691

23. OTHER PAYABLES AND ACCRUALS

	2021 $	2020 $
Accrued liabilities	889,399	802,916
GST payable	120,607	143,272
Other payables	58,112	52,242
Deferred grant income	–	229,454
	1,068,118	1,227,884

Other payables and accruals are non-interest-bearing and are normally repayable on demand.

24. LOANS AND BORROWINGS

	31 December 2021			2020		
	Effective interest rate (%)	**Maturity**	**$**	Effective interest rate (%)	Maturity	$
Current:						
Lease liabilities *(note 14(b))*	**3.24%–3.26%**	**2022**	**452,804**	2.69% to 3.26%	2021	346,313
Bank loans — secured	**Bank's Non-Residential Mortgage Board Rate ("NMBR")**	**2022**	**1,023,645**	Bank's Non-Residential Mortgage Board Rate ("NMBR")	2021	1,098,602
			1,476,449			1,444,915
Non-current:						
Lease liabilities *(note 14(b))*	**3.26%**	**2023**	**73,403**	2.69%	2022–2023	216,664
Bank loans — secured	**Bank's Non-Residential Mortgage Board Rate ("NMBR")**	**2023**	**847,254**	Bank's Non-Residential Mortgage Board Rate ("NMBR")	2022–2026	4,087,353
			920,657			4,304,017
Total			**2,397,106**			5,748,932

24. LOANS AND BORROWINGS (continued)

	2021 $	2020 $
Analysed into:		
Bank loans:		
Within one year or on demand	**1,023,645**	1,098,602
In the second year	**847,254**	1,072,314
In the third to fifth years, inclusive	**–**	3,005,602
Beyond five years	**–**	9,437
	1,870,899	5,185,955
Lease liabilities:		
Within one year or on demand	**452,804**	346,313
In the second year	**73,403**	143,261
In the third to fifth years, inclusive	**–**	73,403
	526,207	562,977
	2,397,106	5,748,932

Notes:

(a) Bank borrowings

For the year ended 31 December 2021, the effective interest rates of the Group's bank loans at 2% (2020: 1.70% to 3.26%) per annum.

The Group's secured bank loans are secured by:

(i) mortgages over the Group's properties situated in Singapore, which had an aggregate carrying amount of $853,878 (2020: $899,090) as at 31 December 2021;

(ii) time deposits with carrying amounts of $503,642 (2020: $503,517) as at 31 December 2021; and

(iii) joint and several personal guarantees provided by the Directors.

25. SHARE CAPITAL

The movements in the Company's authorised and issued share capital during the years ended 31 December 2021 and 2020 are as follows:

	Number of ordinary shares	Nominal value of ordinary shares	Share capital
		HK$	*(equivalent to S$)*
Ordinary share of HK$0.01 each			
Authorised:			
At 1 January 2020, 31 December 2020 and 31 December 2021	5,000,000,000	50,000,000	
Issued and fully paid			
At 1 January 2020, 31 December 2020 and 1 January 2021	640,000,000	6,400,000	1,106,317
Placing of shares *(note(i))*	128,000,000	1,280,000	221,658
Issue of shares upon exercise of share option *(note(ii))*	12,800,000	128,000	22,231
At 31 December 2021	780,800,000	7,808,000	1,350,206

Notes:

(i) On 4 June 2021, the Company and a placing agent entered into a placing agreement in respect of the placement of 128,000,000 ordinary shares of HK$0.01 each at a price of HK$0.118 per share under general mandate, to not less than six placees who are independent third parties to the Group (the "Placement"). The Placement was completed on 21 June 2021. The net proceeds from the Placement amounted to approximately HK$14,625,000 (equivalent to $2,532,563) after deducting expense of approximately HK$479,000 (equivalent to approximately $86,732), under which $221,658 and $2,397,637 were credited to share capital and share premium respectively upon the issue of the new shares. The anticipated net proceeds of $2,532,563 from the Placement would be utilised for the Group's general working capital.

(ii) The subscription rights attaching to 12,800,000 share options were exercised at the exercise price of HK$0.285 per share (note 27), resulting in the issue of 12,800,000 shares for a total cash consideration, before expenses, of approximately HK$3,648,000 (equivalent to $633,581). An amount of approximately $346,254 was transferred from the option reserve to share premium upon the exercise of the share options.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of these consolidated financial statements.

Nature and purpose of reserves

(a) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) Option reserve

Option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2.4 to the consolidated financial statements.

27. SHARE-BASED PAYMENTS

Equity-settled share option scheme

Share options were granted to eligible participants under a share option scheme approved and adopted by the shareholders of the Company on 25 September 2017 ("Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who have contributed or will contribute to the growth and development of the Group.

Particulars of the Share Option Scheme is set out in pages 55 to 57 of this annual report.

Pursuant to a resolution of the board of directors passed on 21 May 2021, it was resolved to grant an aggregate of 64,000,000 new share options with exercise price of HK$0.2850 per share ("2021 Options") entitling the directors and employees to subscribe for 64,000,000 shares of the Company. Details of the Company's share options are set out below:

Name of grantee	Date of grant of the options during the reporting period	On 1 January 2021	No. of share options granted during the year	No. of share options exercised during the year	Lapsed/ cancelled during the year	On 31 December 2021	Vesting period	Exercise period	Exercise price per share option *HK$*
Chua Kang Lim	21 May 2021	–	6,400,000	(6,400,000)	–	–	N/A	21 May 2021 to 20 May 2024	0.2850
Chua Sui Feng	21 May 2021	–	6,400,000	(6,400,000)	–	–	N/A	21 May 2021 to 20 May 2024	0.2850
		–	12,800,000	(12,800,000)	–	–			
Employees	21 May 2021	–	51,200,000	–	–	51,200,000	N/A	21 May 2021 to 20 May 2024	0.2850
Total		–	64,000,000	(12,800,000)	–	51,200,000			

27. SHARE-BASED PAYMENTS (continued)

Equity-settled share option scheme (continued)

Movements in the number of share options outstanding and their related weighted average exercise price as follows:

	2021	
	Number of options	Weighted average exercise price HK$
Outstanding at the beginning of the year	–	–
Granted during the year	64,000,000	0.2850
Exercised during the year	(12,800,000)	0.2850
Outstanding at the end of the year	51,200,000	0.2850
Exercisable at the end of the year	51,200,000	0.2850

As at 31 December 2021, options to subscribe for a total of 51,200,000 (2020: Nil) option shares were still outstanding under the Share Option Scheme which represents approximately 6.56% (2020: Nil) of the issued ordinary shares of the Company.

The above options comprising at the end of the year have a weighted average remaining contractual life of 2.38 years and the exercise price is HK$0.2850. The estimated fair values of 2021 Share Options are determined using the Binomial Model. The estimated fair values and significant inputs into the models were as follows:

	2021 Share Options	
Grantees	Directors	Employees
Option price model	Binomial	Binomial
Estimated fair value at the measurement date	HK$2,018,040	HK$6,844,960
No. of options granted	12,800,000	51,200,000
Estimated fair value of each option	HK$0.1577	HK$0.1337
Weighted average share price at the measurement date	HK$0.2850	HK$0.2850
Weighted average exercise price	HK$0.2850	HK$0.2850
Exercise multiple	2.2	2.75
Expected volatility	112.59%	112.59%
Expected life	3 years	3 years
Risk free rate	0.19%	0.19%
Expected dividend yield	Nil	Nil

The expected volatility was determined by using the average of the annualised standard deviation of daily return of share price of three comparable companies' historical volatility quoted by Bloomberg.

27. SHARE-BASED PAYMENTS (continued)

Equity-settled share option scheme (continued)

Peak Vision Appraisals Limited is an independent firm of professional valuer appointed by the Company to carry out the fair value of 2021 Share Options.

The expenses of share-based payment recognised in profit or loss during the reporting period are as follows:

	2021	2020
	S	*S*
2021 options	**1,520,706**	—

On 16 August 2021, a total of 12,800,000 share options were exercised with weighted average share price of HK$0.146 at the date of exercise, resulting the issue of 12,800,000 ordinary shares of the Company and new share capital amounted to HK$128,000 (equivalent to $22,231) (before issue expenses), which further detailed in note 25(ii) to the consolidated financial statements.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2020, the Group entered into a lease arrangement in respect of motor vehicles with a total capital value at the inception of the lease of $470,000, of which, $423,000 was non-cash additions.

(b) Changes in liabilities arising from financing activities

2021

	Bank borrowings	**Lease liabilities**
	$	**$**
At 1 January 2021	**5,185,955**	**562,977**
Changes from financing cash flows	**(3,315,056)**	**(645,996)**
New leases	**—**	**609,226**
Interest expense	**91,211**	**26,163**
Interest paid classified as financing cash flows	**(91,211)**	**(26,163)**
At 31 December 2021	**1,870,899**	**526,207**

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

2020

	Bank borrowings $	Lease liabilities $
At 1 January 2020	475,543	1,931,252
Changes from financing cash flows	4,710,412	(1,761,385)
Rental relief	—	(29,890)
New leases	—	423,000
Interest expense	35,958	33,485
Interest paid classified as financing cash flows	(35,958)	(33,485)
At 31 December 2020	5,185,955	562,977

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 **$**	2020 $
Within operating activities	**916,000**	936,954
Within financing activities	**672,159**	1,794,870

29. CONTINGENT LIABILITIES

Performance guarantees were given by the financial institutions and insurance companies on behalf of the Group to certain suppliers. The Group in turn, provides a counter indemnity to the financial institutions and insurance companies. The aggregate amount of the performance guarantees given by the financial institutions and insurance companies was $695,000 as at 31 December 2021 (2020: $660,000).

30. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

	2021 **$**	2020 $
Remuneration paid to key management personnel (including Directors' remuneration *(note 8)*)	**1,559,242**	1,101,609

30. RELATED PARTY TRANSACTIONS (continued)

(b) Directors' material interests in transactions, arrangements or contracts

Save for above, no significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company and the directors' connected party had a material interest, whether directly or indirectly, subsisted at the end of the year of or at any time during the year.

(c) Personal guarantee

As at 31 December 2020 and 2021, certain of the Group's banking borrowings were secured by joint and several guarantees executed by Directors of the Company.

31. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2021

Financial assets

	Financial assets at amortised cost *$*
Pledged deposits	503,642
Cash and bank balances	10,065,121
Trade receivables	3,843,489
Contract assets	1,323
Deposits and other receivables	184,638
Total	14,598,213

Financial liabilities

	Financial liabilities at amortised cost *$*
Trade payables	1,032,651
Financial liabilities included in other payables and accruals	947,511
Loans and borrowings	1,870,899
Total	3,851,061

31. FINANCIAL INSTRUMENTS (continued)

(a) Financial instruments by category (continued)

2020

Financial assets

	Financial assets at amortised cost *$*
Pledged deposits	503,517
Cash and bank balances	11,643,529
Trade receivables	4,494,439
Deposits and other receivables	237,095
Total	16,878,580

Financial liabilities

	Financial liabilities at amortised cost *$*
Trade payables	1,244,185
Financial liabilities included in other payables and accruals	855,158
Loans and borrowings	5,185,955
Total	7,285,298

(b) Fair value of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than six months from the end of the reporting period.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. The Group's policy is to keep 60% to 90% (2020: 60% to 90%) of its loans and borrowings at fixed rates of interest for the year. Approximately 90% (2020: 90%) of the Group's loans and borrowings are at fixed rates of interest as at 31 December 2021.

Sensitivity analysis for interest rate risk

As at the end of the reporting period, if interest rates had been 75 basis points higher for the Group's floating rate debts with all other variables held constant, the Group's profit before tax for the years ended 31 December 2021 and 2020 would have remained substantially unchanged. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in the prior year.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Director.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	$	$	$	$	$
31 December 2021					
Trade receivables*	–	–	–	3,843,489	3,843,489
Contract assets*	–	–	–	1,323	1,323
Financial assets included in deposits and other receivables					
— Normal**	184,638	–	–	–	184,638
Pledged deposits					
— Not yet past due	503,642	–	–	–	503,642
Cash and cash equivalents					
— Not yet past due	10,065,121	–	–	–	10,065,121
Total	10,753,401	–	–	3,844,812	14,598,213

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	$	*$*	*$*	*$*	*$*
31 December 2020					
Trade receivables*	—	—	—	4,494,439	4,494,439
Contract assets*	—	—	—	25,685	25,685
Financial assets included in deposits and other receivables					
— Normal**	237,095	—	—	—	237,095
Pledged deposits					
— Not yet past due	503,517	—	—	—	503,517
Cash and cash equivalents					
— Not yet past due	11,643,529	—	—	—	11,643,529
Total	12,384,141	—	—	4,520,124	16,904,265

* For trade receivables and contract assets which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 18 and 19 to the consolidated financial statements.

** The credit quality of the financial assets included in deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Exposure to credit risk

As at the end of the reporting period, the Group's maximum exposure to credit risk represented the carrying amount of each class of financial assets recognised in the consolidated statement of financial position.

Credit risk concentration profile

The Group manages concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis.

As at 31 December 2021, approximately 68% (2020: 65%) of the Group's trade receivables were due from the top three customers.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to a shortage of funds.

The Group's exposure to liquidity risk arises in the general funding of the Group's operating activities. The Group's cash and bank balances and operating cash flows are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted repayment obligations.

	31 December 2021			
	1 year or on demand	1 to 5 years	Over 5 years	Total
	$	$	$	$
Trade and other payables	1,980,162	–	–	1,980,162
Lease liabilities	463,200	74,074	–	537,274
Bank borrowings (excluding lease liabilities)	1,091,668	854,836	–	1,946,504
	3,535,030	928,910	–	4,463,940

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	31 December 2020			
	1 year or on demand $	1 to 5 years $	Over 5 years $	Total $
Trade and other payables	2,099,343	—	—	2,099,343
Lease liabilities	357,159	222,273	—	579,432
Bank borrowings (excluding lease liabilities)	1,202,004	4,252,249	9,088	5,463,341
	3,658,506	4,474,522	9,088	8,142,116

Capital management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 31 December 2020.

The externally imposed capital requirements for the Group is to maintain its listing on the Stock Exchange it has to have a public float of at least 25% (2020: 25%) of the shares.

The Group receives a report from the share registrars showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

The gearing ratios which are total loans and borrowings divided by the total equity as at the end of the reporting period were as follows:

	2021 **$**	2020 $
Total loans and borrowings	**2,397,106**	5,748,932
Total equity	**20,908,963**	19,827,048
Gearing ratio	**11.5%**	29.0%

33. EVENTS AFTER THE REPORTING PERIOD

Grant of share options

Pursuant to a resolution of the board of directors passed on 20 January 2022, it was resolved to grant an aggregate of 62,464,000 share options with exercise price of HK$1.00 per share entitling eight employees to subscribe for 62,464,000 shares of the Company. Details of above are set out in the Company's announcement dated 20 January 2022.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	2021 $	2020 $
Non-current asset		
Investment in subsidiaries	**10,283,630**	10,283,630
Total non-current asset	**10,283,630**	10,283,630
Current assets		
Deposits and other receivables	**2,648,695**	2,217,320
Prepayments	**14,571**	43,174
Cash and bank balances	**5,160,843**	3,136,900
Total current assets	**7,824,109**	5,397,394
Current liabilities		
Other payables and accruals	**274,199**	192,658
Total current liabilities	**274,199**	192,658
Net current assets	**7,549,910**	5,204,736
Net assets	**17,833,540**	15,488,366
Equity		
Share capital	**1,350,206**	1,106,317
Reserves	**16,483,334**	14,382,049
Total equity	**17,833,540**	15,488,366

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: A summary of the Company's reserves is as follows:

Company	Share premium	Option reserve	Accumulated losses	Total
	$	*$*	*$*	*$*
At 1 January 2020	19,773,348	—	(4,888,399)	14,884,949
Loss for the year and total comprehensive loss for the year	—	—	(502,900)	(502,900)
At 31 December 2020 and 1 January 2021	19,773,348	—	(5,391,299)	14,382,049
Placing of shares	2,397,637	—	—	2,397,637
Cost of shares issued under Placement	(86,732)	—	—	(86,732)
Share options issued	—	1,520,706	—	1,520,706
Issue of share upon exercise of share options	957,604	(346,254)	—	611,350
Loss for the year and total comprehensive loss for the year	—	—	(2,341,676)	(2,341,676)
At 31 December 2021	23,041,857	1,174,452	(7,732,975)	16,483,334

35. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 28 March 2022.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

	Year ended 31 December				
	2017	2018	2019	2020	**2021**
	S$	*S$*	*S$*	*S$*	***S$***
RESULTS					
Revenue	30,822,059	29,400,494	28,749,270	26,263,891	**26,219,156**
Cost of sales	(23,986,785)	(24,860,871)	(25,501,065)	(24,764,822)	**(24,878,345)**
Gross profit	6,835,274	4,539,623	3,248,205	1,499,069	**1,340,811**
Other income	284,072	410,551	93,058	1,546,602	**742,828**
Administrative expenses	(6,753,245)	(4,153,745)	(4,286,455)	(3,977,633)	**(5,969,535)**
Finance costs	(175,464)	(155,814)	(96,267)	(69,443)	**(117,374)**
Profit/(loss) before tax	190,637	640,615	(1,041,459)	(1,001,405)	**(4,003,270)**
Income tax (expense)/credit	(597,023)	(173,460)	61,304	189,995	**398,335**
Profit/(loss) for the year	(406,386)	467,155	(980,155)	(811,410)	**(3,604,935)**

	31 December 2017	31 December 2018	31 December 2019	31 December 2020	**31 December 2021**
	S$	*S$*	*S$*	*S$*	***S$***
ASSETS AND LIABILITIES					
TOTAL ASSETS	30,355,225	29,628,282	25,992,235	28,783,966	**25,758,706**
TOTAL LIABILITIES	(9,203,767)	(8,009,669)	(5,360,777)	(8,956,918)	**(4,849,743)**
	21,151,458	21,618,613	20,638,458	19,827,048	**20,908,963**