Chuan Holdings Limited
川控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1420)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of Chuan Holdings Limited (the "**Company**") is pleased to announce the annul results of the Company and its subsidiaries (together referred to as "**the Group**") for the year ended 31 December 2021 (the "**Year**" or "**Reporting Year**" or "**2021**").

FINANCIAL RESULTS

As a leading Singapore earthworks contractor for more than two decades, the Group has continued to grow in line with its mission to deliver quality services in a timely and reliable fashion, with integrity and leading-edge quality workmanship, while adhering to all appropriate safety and regulatory requirements.

Although Coronavirus Disease 2019 ("**COVID-19**" or the "**pandemic**") has hindered economic recovery, the Group can look back at its achievements over the Year with considerable satisfaction. Thanks to the resumption of construction activity, the Group managed to turn its business around in 2021, with total revenue growing approximately 18.0%. This surge in revenue helped to cover fixed operating costs such as machinery and manpower, and drove profitability.

* *For identification purposes only*

The relatively stable pandemic situation in 2021 allowed the Group to accelerate activities on a number of projects that had been halted or fallen behind schedule. With more income realised upon project completions, the Group's total revenue jumped to approximately S$85.4 million, up from approximately S$72.4 million in the previous year. The Group's gross profit stood at approximately S$4.3 million, following a gross loss of approximately S$4.1 million for the financial year ended 31 December 2020. Its gross profit margin was approximately 5.1%, after a negative gross margin of 5.6% for the financial year ended 31 December 2020. The Group reported a profit for the Year of approximately S$1.5 million, reversing a loss of approximately S$8.4 million for the financial year ended 31 December 2020, thanks to the recovery in the construction sector, the resumption of activity, and financial assistance from Singapore government.

Despite this rebound, the Group's profitability remained under pressure by operating costs such as higher labour overheads and material costs amid supply chain disruptions and border restrictions. Additional costs such as accommodation fees paid for isolation centre accommodation and COVID-19 testing fees for incoming foreign labours accumulated, which, alongside higher diesel prices, impacted the Group's gross margin. Financial assistance from Singapore government, however, helped to ease the Group's financial burden during the Year.

To adapt to the challenging operating environment, the Group adopted a prudent approach to tendering for new projects, strategically focusing on mega-sized projects with higher contract values and margins, and collaborating with market-leading companies in joint tenders, setting the bar for higher margins in future tenders. In terms of cost control, the Group fine-tuned its strategy by pricing higher labour and material costs into its tender bids. The Group also stepped up its efforts to enhance productivity by offering incentives to project teams with superior cost control.

Although demand for private residential projects remained sluggish in 2021, the Group optimised its approach to secure and complete more projects in segments such as public residential, infrastructure, commercial and industrial. Leveraging its professional expertise and formidable reputation, the Group maintained its business agility and competitiveness, and won 44 new projects cumulatively worth more than approximately S$115.5 million during the Year. Among these were sizeable infrastructure projects, including the design and construction of the earthworks and ancillary services segment of the Jurong Region Line Transport Hub, the Singapore's longest Transit Priority Corridor project, the North-South Corridor, and the Singapore longest underground Cross Island Line.

In July 2021, the Group won an upgrade to A2-grade contractor status for civil engineering and general building in the Building and Construction Authority ("**BCA**") Contractors Registry System, enabling it to tender for public sector construction projects with individual contract values of up to S$95 million.

In a move to diversify business risk, the Group started to invest in property redevelopment projects. By setting up joint ventures in May 2021 and collaborating with leading listed companies in Singapore, the Group was able to invest in landmark projects in the city's central business district. Property redevelopment projects have already generated interest income. With its extensive experience in the industry, the Group will continue to seize property redevelopment project opportunities to meet rising demand in the industrial and commercial property markets.

BUSINESS REVIEW

In 2021, the pandemic continued to affect markets worldwide, with a surge in the number of variant cases hampering economic recovery. Although the global economy was still plagued by uncertainty, economic activity rebounded strongly as the pandemic stabilised during the first half of the Year. With the rollout of a vaccination programme and high rates of vaccine uptake, coupled with the implementation of effective pandemic controls to curb the spread of the virus, Singapore's economy picked up rapidly in the middle of the Year. The country is now on track for a resumption of normal business activity.

According to the Ministry of Trade and Industry ("**MTI**"), Singapore's economy delivered better-than-expected growth of 7.6% in 2021, rebounding from a 4.1% contraction in 2020, driven mainly by manufacturing, finance, insurance and wholesale trade. The construction sector also staged an encouraging recovery, with 20.1% growth during the Year, a sharp reversal of the 38.4% contraction in the previous year, thanks to a revival of construction activities in both public and private sectors.

Labour shortages persisted as a headwind in 2021 amid occasional border restrictions, leading to a rapid slowdown of growth in the construction sector to just 2% in the fourth quarter, following 66.3% growth during the previous quarter. This difficulty has, however, been mitigated as Singapore government has recently opened the country's borders to welcome fully-vaccinated workers.

Although the market had stabilised amid a progressive easing of domestic pandemic control measures and border restrictions, the operating environment remained challenging during the Reporting Year, with much market uncertainty. Tender pricing became volatile, rising between 10% and 15% – higher than the previous forecast of 6% to 10% – due mainly to labour shortages, increases in the cost of key construction materials, limited availability of contracting resources, and costs related to the implementation of pandemic management measures.

To support the construction industry and boost market sentiment, the Singapore government extended relief initiatives to help construction companies mitigate the impact of COVID-19 until the end of 2021. Measures included relief from legal and enforcement action related to building and supply contracts, cost-sharing related to additional non-manpower costs borne by contracting parties due to COVID-19-linked delays, and permission to adjust contract sums amid increased foreign manpower costs. The relief measures, provided for under the COVID-19 (Temporary Measures) Act, ensured that no single segment of the industry bore a disproportionate share of the burdens imposed by COVID-19.

Despite the disruptions caused by the pandemic during the Reporting Year, the Group continued to implement effective strategies in a prudent manner to restore its profitability and successfully won several mega-projects to sustain business momentum.

Revenue by Segment

Earthworks and Ancillary Services

The earthworks and ancillary services segment remained the Group's primary revenue source during the Reporting Year, accounting for approximately 83.6% of total revenue. During the Year, revenue from this segment amounted to approximately S$71.4 million, up from approximately S$52.8 million for the financial year ended 31 December 2020, thanks to an increased number of project completions following the progressive resumption of the Group's operations. The earthworks and ancillary services segment improved significantly, a welcome development reflected in increased revenue and profits.

During the Reporting Year, the Group was engaged in 89 ongoing earthworks and ancillary services projects. The Group secured 39 new projects with a total contract value of approximately S$114.5 million during the Reporting Year, and it has secured seven new projects since 1 January 2022. The Group persevered with its strategic tendering approach to win sizeable public infrastructure projects with higher margins and values.

General Construction Works

During the Reporting Year, stiff competition persisted in the general construction works segment, prompting the Group to take a relatively conservative approach to project bids. Amid highly competitive tendering processes, the Group decided to conserve its resources to focus strategically on more profitable projects in the earthworks and ancillary services segment. The Group did not secure high contract value project for general construction works during the Reporting Year, leading to a relative decline of approximately 28.8% to approximately S$14.0 million in revenue derived from this segment.

During the Reporting Year, the Group was engaged in eight ongoing general construction works projects, same number as the previous year. The Group secured five new general construction works projects in 2021 for a total contract value of approximately S$1.0 million.

FINANCIAL REVIEW

Results for the Year

Revenue and Gross Profit/(Loss)

	2021			2020		
	Revenue recognised *S$'000*	**Gross profit** *S$'000*	**Gross profit margin**	Revenue recognised *S$'000*	Gross (loss)/ profit *S$'000*	Gross (loss)/ profit margin
Earthworks and ancillary services	**71,438**	**3,975**	**5.6%**	52,772	(5,042)	(9.5)%
General construction works	**13,978**	**362**	**2.6%**	19,629	968	4.9%
Total	**85,416**	**4,337**	**5.1%**	72,401	(4,074)	(5.6)%

The total revenue of the Group for the year ended 31 December 2021 amounted to approximately S$85.4 million, representing an increase of approximately S$13.0 million or 18.0% as compared to the year ended 31 December 2020. The increase was mainly attributable to gradual resumption of business operation following further relaxation of COVID-19 pandemic restrictions by Singapore government, as well as the recognition of revenue subsequent to the increased number of projects completed during the Reporting Year. Gross profit amounted to approximately S$4.3 million (31 December 2020: gross loss of approximately S$4.1 million), with gross profit margin of approximately 5.1% (31 December 2020: gross loss margin of approximately 5.6%). Thanks to the increased revenue, as well as the financial aids from Singapore government which helped alleviate the Group's financial burden, the Group reported a business turnaround with profit for the Year of approximately S$1.5 million (31 December 2020: loss for the year of approximately S$8.4 million).

Earthworks and Ancillary Services

Earthworks and ancillary services remained the key revenue contributor of the Group during the Year, accounting for approximately 83.6% of its total revenue. Riding on the Group's ceaseless efforts in completing projects from both public and private sectors after the phased resumption of construction activities, segmental revenue increased significantly by approximately 35.4% year-on-year to approximately S$71.4 million (31 December 2020: approximately S$52.8 million). Although the operating costs increased following the resumption of operations, the increase in revenue recognition drove the segmental gross profit to approximately S$4.0 million (31 December 2020: gross loss of approximately S$5.0 million). Subsequently, segmental profit turned positive to approximately S$4.5 million for the Year.

During the Reporting Year, the Group continued to step up its efforts in reallocating more resources on tenders of public infrastructure projects with relatively higher profit margin. 39 new earthworks and ancillary services projects with a total contract value of approximately S$114.5 million were successfully secured. The Group had a total of 89 ongoing earthworks and ancillary services projects during the Reporting Year, with an aggregate contract sum of approximately S$418.2 million.

General Construction Works

During the Reporting Year, the total revenue of general construction works segment decreased by 28.8% to approximately S$14.0 million as compared to the year ended 31 December 2020. In face of intensified competition, the Group did not manage to secure more new general construction works projects than the previous year, which resulted in a decrease in segmental revenue and profit. The segmental gross profit subsequently decreased to approximately S$362,000 (31 December 2020: approximately S$968,000). Segmental profit amounted to approximately S$216,000 for the Year.

During the Reporting Year, the Group had eight ongoing general construction works projects with an aggregate contract sum of approximately S$54.3 million. Five new general construction works projects with a total contract value of approximately S$1.0 million were secured.

Other Income and Gains

Other income and gains amounted to approximately S$3.8 million for the year ended 31 December 2021, representing a decrease of approximately S$3.4 million as compared to the year ended 31 December 2020. Such decline was mainly attributable to the decrease in financial relief from Singapore government during the Year.

Administrative and Other Operating Expenses

During the Reporting Year, administrative and other operating expenses slightly increased by approximately 1.6% to approximately S$5.8 million (31 December 2020: S$5.7 million), primarily due to the increase in staff costs as well as employee benefit expenses which was in line with the improved performance of the Group.

Other Expenses

Other expenses were approximately S$6,000 for the year ended 31 December 2021 (31 December 2021: approximately S$5.8 million), owing to lower impairment losses on receivables and contract assets recognised for the financial year ended 31 December 2021 due to bad debt recovered as well as lower risk of default in the Group's financial assets.

Finance Costs

For the year ended 31 December 2021, finance costs decreased by approximately 24.3% to approximately S$439,000 from approximately S$580,000 in the previous year, principally due to the decrease in interest on lease liabilities.

Share of Results of Associates

The Group's share of results of associates amounted to S$10,000 during the Reporting Year (31 December 2020: Nil), primarily due to the interest income generated from the redevelopment project.

Income Tax (Expense)/Credit

For the year ended 31 December 2021, income tax expense amounted to S$347,000, while tax credit of approximately S$590,000 was recorded for the year ended 31 December 2020.

Profit/(Loss) for the Year and Net Profit/(Loss) Margin

Combining the aforementioned factors, the Group achieved a business turnaround for the year ended 31 December 2021. Profit for the Year amounted to approximately S$1.5 million, while loss of approximately S$8.4 million was recorded for the year ended 31 December 2020. Net profit margin was approximately 1.8% for the year ended 31 December 2021 (31 December 2020: negative net margin of approximately 11.6%).

Earnings/(Loss) per Share

For the year ended 31 December 2021, the basic earnings per share was S$0.14 cent, with the calculation based on profit for the Year of approximately S$1.5 million and the weighted average number of 1,036,456,000 ordinary shares in issue during the Year.

For the year ended 31 December 2021, diluted earnings per share was S$0.13 cent, with the calculation based on profit for the Year of approximately S$1.5 million and the weighted average number of ordinary shares adjusted for the effects of dilution from the Group's share options of 1,126,044,000.

For the year ended 31 December 2020, the basic loss per share was S$0.81 cent, with the calculation based on the loss for the year ended 31 December 2020 of approximately S$8.4 million and the weighted average number of 1,036,456,000 ordinary shares in issue.

Diluted loss per share for the year ended 31 December 2020 was the same as the basic loss per share. There was no dilutive effect on the impact of the exercise of the share options as they were anti-dilutive.

Liquidity, Financial Resources and Gearing Ratio

Liquidity

During the Reporting Year, the financial position of the Group remained sound and healthy, with working capital mainly financed by its internally generally funds, net proceeds from global offering of the shares of the Company in 2016 (the "**Global Offering**") and bank borrowings. As at 31 December 2021, the Group had cash and cash equivalents of approximately S$31.5 million (31 December 2020: approximately S$46.2 million). The year-on-year decline was mainly attributable to the acquisition of property, plant and equipment, the investment in associates for redevelopment and construction of private properties, settlement to amount payables, lease liabilities as well as borrowing repayments.

In managing liquidity risk, the Group closely monitors its level of cash and cash equivalents which is deemed adequate to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

Cash Flows Analysis

The table below summaries the Group's cash flows for the years ended 31 December 2021 and 2020:

	2021	2020
	S$'000	*S$'000*
Net cash flows generated from operating activities	**5,624**	4,071
Net cash flows (used in)/generated from investing activities	**(15,067)**	2,875
Net cash flows used in financing activities	**(5,893)**	(3,425)

Operating Activities

For the year ended 31 December 2021, the Group generated net cash inflow from operating activities of approximately S$5.6 million (31 December 2020: approximately S$4.1 million). The approximate S$5.0 million difference between the operating profit before working capital changes and net cash generated from operating activities was mainly attributable to (i) the decrease in contract assets amounted to approximately S$4.8 million; (ii) the increase in trade receivables amounted to approximately S$6.1 million; (iii) the decrease in deposits, prepayments and other receivables of approximately S$715,000; (iv) the decrease in contract liabilities of approximately S$1.5 million; (v) the decrease in trade payables of approximately S$4.2 million; and (vi) the increase in other payables, accruals and deposits received of approximately S$1.4 million.

Investing Activities

For the year ended 31 December 2021, the net cash used in investing activities was approximately S$15.1 million (31 December 2020: net cash inflow from investing activities of approximately S$2.9 million), mainly attributable to (i) investment in associates of approximately S$7.6 million; (ii) purchase of financial assets at amortised costs of approximately S$5.3 million; (iii) purchase of property, plant and equipment of approximately S$4.1 million; and (iv) proceeds from redemption of financial assets at amortised costs of approximately S$1.5 million.

Financing Activities

For the year ended 31 December 2021, the net cash used in financing activities was approximately S$5.9 million (31 December 2020: approximately S$3.4 million), which was principally attributable to (i) the interest portion of the lease liabilities amounted to approximately S$343,000; (ii) the repayment of principal portion of the lease liabilities of approximately S$6.9 million; (iii) the repayment of borrowings of approximately S$704,000; (iv) the decrease in pledged deposits secured against banking facilities of approximately S$2.1 million; and (v) the interest paid of approximately S$96,000.

Use of proceeds

The net proceeds from the Global Offering were approximately S$26.5 million (after deducting underwriting fees, commissions and listing expenses) (the "**Net Proceeds**"), out of which approximately S$25.6 million was utilised as at 31 December 2021.

Intended applications	Planned use of Net Proceeds	Amount utilised up to 31 December 2020	Amount utilised during the year ended 31 December 2021	Amount utilised up to 31 December 2021	Unutilised balance up to 31 December 2021	Expected timeline of full utilisation of the remaining unutilised amount
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*(Note 2)*
1. Purchase of excavation machines and tipper trucks *(Note 1)*	17,736	16,477	1,259	17,736	–	
2. Purchase of software	2,085	1,049	174	1,223	862	On or before 31 December 2022
3. Secure earth filling projects *(Note 1)*	–	–	–	–	–	
4. Expand workforce	4,414	4,414	–	4,414	–	
5. Working capital	2,247	2,247	–	2,247	–	
Total	26,482	24,187	1,433	25,620	862	–

Notes:

1. As disclosed in the prospectus of the Company dated 25 May 2016 (the "**Prospectus**") and the circular of the Company dated 7 March 2018, since the Company did not enter into any agreement for securing earth filling project by 31 October 2017, the unutilised Net Proceeds of approximately S$6,607,000 originally assigned to securing earth filling project (the "**Reallocated Proceeds**") would be reassigned to the purchase of additional excavation machines and tipper trucks. After taking into the business scale and projects of the Company, the number of tipper trucks and excavators acquired by the Group since the listing of shares of the Company in 2016 and the average replacement cycle of tipper truck, excavator and telescopic excavator, the Group decided to reassign the Reallocated Proceeds to partially finance the second deposit for the acquisition of the entire issued share capital of Cosmic Achiever Holdings Limited (the "**Major Transaction**") in March 2018. As disclosed in the announcement of the Company dated 23 January 2019, since the Major Transaction subsequently lapsed on 31 December 2018, the Reallocated Proceeds were further reassigned to the purchase of excavation machines and tipper trucks in January 2019.

2. The expected timeline for utilising the unutilised Net Proceeds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

As at 31 December 2021, the Group did not fully utilise the Net Proceeds to purchase softwares. The Group had purchased softwares from a vendor which charged the Group at a price lower than originally quoted, resulting in a huge saving to the Group. It is expected that the unutilised amount will be fully utilised on or before 31 December 2022.

The Net Proceeds were used in accordance with the intended purposes as previously disclosed and there was no material change in the use of the Net Proceeds. The unutilised amount is expected to be used in accordance with the intended purposes as disclosed.

The balance of the Net Proceeds is deposited in licensed financial institutions in Singapore.

Borrowing and Gearing Ratio

As at 31 December 2021, the Group had an aggregate of current and non-current bank borrowings and lease liabilities of approximately S$11.4 million, a decrease from approximately S$18.9 million as at 31 December 2020. As at 31 December 2021, the Group's gearing ratio was approximately 0.13 times (31 December 2020: approximately 0.22 times). Gearing ratio was calculated by dividing total borrowings (bank borrowings and lease liabilities) by total equity as at the end of the respective year.

Cash and Cash Equivalents

As at 31 December 2021, the Group had cash and cash equivalents of approximately S$31.5 million (31 December 2020: approximately S$46.2 million). The Group had cash and cash balances of approximately S$32.8 million but the amount was reduced by pledge for the guarantee arrangement and issuance of performance bonds; along with the banking facilities including letter of credit, overdraft and banking guarantee of approximately S$17.5 million.

Foreign Exchange Exposure

The Group mainly operated in the Singapore with most of the transactions settled in Singapore Dollars, which was the functional currency of the Group. Nonetheless, a portion of the cash and cash equivalents generated from the Global Offering was denominated in Hong Kong Dollars with a small portion denominated in United States Dollars. The Group has no significant foreign exchange risk due to limited foreign currency transactions other than the functional currency of respective entities. The Group would closely monitor this risk exposure from time to time.

Charges on Group's Assets

As at 31 December 2021, the Group's banking facilities were secured by the pledge of the Group's deposits of approximately S$1.3 million (31 December 2020: approximately S$3.4 million), while the Group's lease liabilities were secured by the charge over the leased assets of net book value of approximately S$8.5 million (31 December 2020: approximately S$14.7 million).

Contingent Liabilities

As at 31 December 2021, the Group had contingent liabilities in respect of performance bonds of construction contracts in its ordinary course of business in the amount of approximately S$3.6 million as compared to approximately S$2.6 million for the year ended 31 December 2020. The guarantees in respect of performance bonds issued by banks were secured by pledged deposits.

Capital Expenditure and Capital Commitments

For the year ended 31 December 2021, the Group invested approximately S$4.7 million in the purchase of property, plant and equipment, which was mainly funded by finance lease liabilities and working capital.

As at 31 December 2021, the Group's capital commitments in respect of acquisition of property, plant and equipment amounted to approximately S$1.9 million (31 December 2020: approximately S$3.0 million).

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures and Discloseable Transactions during the Reporting Year

I. Major Transaction in relation to the Formation of Joint Venture

On 7 May 2021, each of Longlands Holdings Limited ("**Longlands**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability which is a wholly-owned subsidiary of the Company, Mr. Tng Kay Lim ("**Mr. Tng**"), an independent third party, and Mr. Yang Tse Pin ("**Mr. Yang**"), an independent third party, entered into a shareholders' agreement (the "**Shareholders' Agreement**") with Chuan Investments Pte. Ltd. (the "**JV Company**") for the establishment, operation and management of the JV Company, whose main purpose is to further invest in a project ("**Project Joint Venture**") of which two joint venture companies were established by the JV Company, CEL Development Pte. Ltd., ("**CEL**") and SingHaiyi Investments Pte. Ltd., ("**SHIPL**") for the acquisition and redevelopment of Maxwell House ("**Maxwell House**"), a 13-storey residential and commercial mixed-use building comprising 145 strata units located at 20 Maxwell Road, Singapore 069113 with a land area of 3,883.3 square metres, and the JV Company would own 30% of interests.

The JV Company was incorporated in Singapore with limited liability on 4 May 2021, which is an investment holding company to hold shares of the company(ies) that will engage in the business of investment holding, property investment and/or redevelopment in Singapore. The JV Company is owned as to one-third each by Longlands, Mr. Tng and Mr. Yang respectively.

Under Project Joint Venture, the residential units in Maxwell House shall be owned and redeveloped by Maxwell Residential Pte. Ltd., a company incorporated in Singapore with limited liability and is owned as to 30%, 40% and 30% by the JV Company, CEL and SHIPL, for sale and the commercial units in Maxwell House shall be owned and redeveloped by Maxwell Commercial Pte. Ltd. ("**Maxwell Commercial**"), a company incorporated in Singapore with limited liability and is owned as to 30%, 40% and 30% by the JV Company, CEL and SHIPL, for sale and/or long term investment holding and leasing, as determined by Maxwell Commercial in its absolute discretion.

Pursuant to the Shareholders' Agreement, among other things, each of Longlands, Mr. Tng and Mr. Yang agreed to provide a capital commitment in a sum of not more than S$17,000,000 based on their pro-rata interest in the JV Company, which should comprise a combination of paid-up share capital and provision of shareholders' loans to the JV Company. Immediately after the execution of the Shareholders' Agreement, the JV Company increased its initial paid-up capital to S$300,000 of which each of Longlands, Mr. Tng and Mr. Yang contributed S$99,999 each in cash for the subscription of 99,999 ordinary shares in the JV Company, making them each holding 100,000 ordinary shares in the JV Company.

On 6 May 2021, the JV Company, CEL and SHIPL together submitted a joint tender to acquire Maxwell House at a tender price of S$276.8 million and were successfully awarded the tender on 7 May 2021.

The redevelopment of Maxwell House commenced in the first quarter of 2022 and is expected to complete within a period of 48 months after commencement (i.e. in the first quarter of 2026).

The Board believes that its participation in the JV Company has offered the Group with the opportunity to invest in iconic site in the central business district in Singapore, as a further step to diversify its investment to generate a stable, strong and recurring cash flow of rental income in the long run. Through working with prominent listed companies in Singapore with established property development track record in Singapore such as Chip Eng Seng Corporation Ltd. and SingHaiyi Group Ltd. on the redevelopment of Maxwell House, the Group believes that the redevelopment works would enhance the image and attractiveness of Maxwell House, which would allow it to deliver an enhanced retail experience and new leisure facilities together with residential units.

For further details, please refer to the announcement of the Company dated 7 May 2021 and the circular of the Company dated 25 June 2021.

II. Disclosable Transactions in Investment Agreements in relation to the Proposed Redevelopment of Properties

On 14 May 2021, Chuan Lim Construction Pte. Ltd. ("**Chuan Lim**"), a company incorporated in Singapore with limited liability which is an indirect wholly-owned operating subsidiary of the Company, entered into (i) an investment agreement (the "**JVA East Coast Investment Agreement**") with JVA East Coast Pte. Ltd. ("**JVA East Coast**"), a company incorporated in Singapore with limited liability which is wholly-owned by an independent third party, namely JVA Venture Pte. Ltd. ("**JVA Venture**"), a company incorporated in Singapore with limited liability which is owned as to 51% by Mr. Hu Junhui, 40% by Mr. Xu Guangming and 9% by Mr. Ong Chin Seng; and (ii) an investment agreement (the "**JVA NTK Investment Agreement**", together with the JVA East Coast Investment Agreement, the "**JVA Investment Agreements**") with JVA NTK Pte. Ltd. ("**JVA NTK**"), a company incorporated in Singapore with limited liability which is wholly-owned by JVA Venture respectively. Details of the JVA Investment Agreements are as follows:

(a) JVA East Coast Investment Agreement

The JVA East Coast Investment Agreement relates to a project to redevelop and construct a piece of land at 10 Grove Crescent, Singapore 279152, which was acquired by JVA East Coast on 5 March 2021 at S$14.6 million, into four units of terrace landed houses and their subsequent sale ("**JVA East Coast Project**").

Pursuant to the JVA East Coast Investment Agreement, Chuan Lim agreed to invest a sum of S$800,000 in JVA East Coast Project, representing 10% of the total investment budget of JVA East Coast Project, amount of which is expected to be S$8.0 million, which is based on a feasibility report mutually agreed and adopted by Chuan Lim and JVA East Coast.

The expected investment period of JVA East Coast Project shall be three years commencing from 1 June 2021 to 31 May 2024.

(b) JVA NTK Investment Agreement

The JVA NTK Investment Agreement relates to a project to redevelop and construct a piece of land at 42 Watten Estate Road, Singapore 287519, which was acquired by JVA NTK on 16 February 2021 at approximately S$15.4 million, into two units of detached landed houses and their subsequent sale ("**JVA NTK Project**").

Pursuant to the JVA NTK Investment Agreement, Chuan Lim agreed to invest a sum of S$1.6 million in JVA NTK Project, representing 20% of the total investment budget of JVA NTK Project, amount of which is expected to be S$8.0 million, which is based on a feasibility report mutually agreed and adopted by Chuan Lim and JVA NTK.

The expected investment period of JVA NTK Project shall be three years commencing from 1 May 2021 to 30 April 2024.

The investment return from JVA East Coast Project and JVA NTK Project shall be the higher of (i) 10% and 20% of the total profit before tax of JVA East Coast Project and JVA NTK Project respectively; or (ii) a minimum annual investment return of 3% of the Chuan Lim's actual cash contribution under the JVA East Coast Investment Agreement and the JVA NTK Investment Agreement respectively.

The Board considers that both properties have attractive development potentials, and the entering into of the JVA Investment Agreements is consistent with the Group's recent strategy to diversify its investments, including investing in property redevelopment projects in Singapore with experienced property developers. Further, the investment in both JVA East Coast Project and JVA NTK Project by Chuan Lim will offer the Group an opportunity to utilise its cash on hand to yield favourable return at the end of the investment periods and enhance value of the shareholders (the "**Shareholders**") of the Company in the long run.

For further details, please refer to the announcement of the Company dated 14 May 2021.

On 3 June 2021, Chuan Lim entered into two investment agreements both dated 3 June 2021 (respectively, the "**Investment Agreement A**" and the "**Investment Agreement B**", and collectively, the "**Investment Agreements**") with Mr. Yang, an independent third party. Details of the Investment Agreements are as follows:

(a) *Investment Agreement A*

The Investment Agreement A relates to a project to redevelop and construct a piece of land at 14 Chee Hoon Avenue, Singapore 299749 into one unit of detached house with one basement, two storeys and an attic ("**Property A**") and the subsequent sale ("**Project A**").

Pursuant to the Investment Agreement A, at the invitation of Mr. Yang, Chuan Lim agreed to invest a sum of S$2,625,000 (towards Mr. Yang's portion of investment interest in Project A) through Mr. Yang, pursuant to which Mr. Yang would invest such sum for and on behalf of and for the benefits of Chuan Lim in Project A, representing 30% of the total investment budget of Project A.

The total investment budget for Project A is estimated to be approximately S$8.7 million, of which Mr. Yang (for himself and on behalf of Chuan Lim) would contribute in aggregate a sum of approximately S$7.0 million in cash, representing approximately 80% of the total investment budget for Project A (being in accordance with the proportion of Mr. Yang's shareholding in D' Green Private Limited, a company incorporated in Singapore with limited liability which is owned as to 80% by Mr. Yang and 20% by an individual, which is an independent third party, and nominated by Mr. Yang to hold Property A).

(b) *Investment Agreement B*

The Investment Agreement B relates to a project to redevelop and construct a piece of land at 4A Swettenham Road, Singapore 248081 into one unit of detached house with one basement, two storeys and an attic ("**Property B**") and the subsequent sale ("**Project B**").

Pursuant to the Investment Agreement B, at the invitation of Mr. Yang, Chuan Lim agreed to invest a sum of S$1,371,520 (towards Mr. Yang's portion of investment interest in Project B) through Mr. Yang, pursuant to which Mr. Yang would invest such sum for and on behalf of and for the benefits of Chuan Lim in Project B, representing 15% of the total investment budget of Project B.

The total investment budget for Project B is estimated to be approximately S$9.1 million, of which Mr. Yang (for himself and on behalf of Chuan Lim) will contribute in aggregate a sum of approximately S$3.2 million in cash, representing approximately 35% of the total investment budget for Project B (being in accordance with the proportion of Mr. Yang's proposed shareholding in ECO SWM Pte. Ltd., a company incorporated in Singapore with limited liability which is owned as to 35% by Mr. Yang and the remaining 65% by three individuals, which are independent third parties, and nominated by Mr. Yang to hold Property B).

The expected investment period of both Project A and Project B shall be three years commencing from 1 September 2021 to 31 August 2024. The investment return from Project A and Project B shall be the higher of (i) 30% and 15% of the total profit before tax of Project A and Project B respectively; or (ii) a minimum annual investment return of 3% of the Group's actual cash contribution under the Investment Agreement A and the Investment Agreement B respectively.

The Board considers that both properties have attractive development potentials, the entering into of the Investment Agreements is consistent with the Group's recent strategy to diversify its investments, and provide a good opportunity to the Group riding on Mr. Yang's experience in property development and building constructions. The investment in both Project A and Project B by Chuan Lim will offer the Group an opportunity to utilise its cash to yield favourable return at the end of the investment periods and enhance Shareholders' value in the long run.

For further details, please refer to the announcements of the Company dated 3 June 2021 and 21 June 2021 respectively.

Except as disclosed above, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates and joint ventures and discloseable transactions during the Reporting Year.

Connected Transactions

During the Reporting Year, eight continuing connected transactions were carried out by the Company pursuant to Chapter 14A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Details of the major connected transactions will be set out in the section headed "Related Party Transactions and Connected Transactions" in the "Report of the Directors" of the annual report (the "**2021 Annual Report**") of the Company for the year ended 31 December 2021.

Off-balance Sheet Transactions

As of 31 December 2021, the Group did not enter into any material off-balance sheet transactions.

Quantitative & Qualitative Disclosure about Market Risk

Foreign Currency Risk

Transactions of the Group were mainly denominated in Singapore Dollars which was the functional currency of the Group. The Group was mainly exposed to the foreign currency risk of Hong Kong Dollars and United States Dollars. The Group currently does not have a foreign currency hedging policy. The Group's management is responsible for monitoring foreign currency exposure and will consider hedging significant foreign currency exposure if deemed necessary.

Credit Risk

As at 31 December 2021, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and the financial guarantees provided by the Group was primarily attributable to trade and other receivables, pledged deposits, cash and cash equivalents and the contingent liabilities in relation to guarantee issued by the Group.

The Group entered into trading transaction only with recognised and reputable third parties. Before accepting any new contracts, evaluations were considered on the customer's past history of making payments when due and current ability to pay, and information specific to the customer as well as pertaining to the economic environment in which the customer operated were taken into account. Normally, the Group does not obtain collateral from customers.

The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis.

Liquidity Risk

The Group monitored and maintained a level of cash and cash equivalents assessed as adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relied on the proceeds from the Global Offering, internally generated funding and borrowings as significant sources of liquidity. The Group also closely monitored the utilisation of borrowings and ensured compliance with loan covenants.

SHARES OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted pursuant to the written resolutions of the Shareholders of the Company passed on 10 May 2016. The purpose of the Share Option Scheme is to enable the Company to grant options to employees and eligible participants, as incentives or rewards for their contribution to the Group.

According to the announcement of the Company on 29 October 2021, 10,364,000 share options to subscribe for a total of 10,364,000 ordinary shares (the "**Shares**") of HK$0.01 each of the Company, representing approximately 1% of the issued Shares, were granted in accordance with the terms and conditions of the Share Option Scheme to Mr. Phang Yew Kiat, a non-executive Director and the chairman of the Board, subject to his acceptance.

Details of the Share Option Scheme will be disclosed in the "Report of the Directors" and the notes to the audited consolidated financial statements in the 2021 Annual Report.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2021, the Group had 517 (31 December 2020: 489) employees including foreign workers.

Employees of the Group were remunerated according to their job duties and market trends. All employees were also entitled to discretionary bonus depending on their respective performance. Foreign workers were typically employed on one-year basis depending on the period of their work permits, and subject to renewal based on their performance and were remunerated according to their work skills. The Group has also adopted the Share Option Scheme to recognise and reward the contribution of the employees for the benefit of the Group's operations and future development.

Total staff costs including the Directors' emoluments amounted to approximate S$21.4 million for the year ended 31 December 2021 (31 December 2020: approximately S$17.0 million).

LITIGATION AGAINST THE GROUP

Reference is made to the announcement of the Company dated 12 August 2021 in relation to a litigation (the "**Litigation**") in the High Court of the Hong Kong Special Administrative Region (the "**Court**") initiated by Chau Kwok Ming as plaintiff (the "**Plaintiff**") against the Company as defendant for a claim based on the agreements ("**Agreements**") between the Plaintiff and Mr. Lo Tak Wing Benson, who was alleged to have been acting for and on behalf of the Company. The Plaintiff claimed against the Company for the restitution of an alleged loan in the total principal sum of HK$20,000,000 as well as interest and costs.

On 10 February 2022, the Group received a copy of a notice of discontinuance filed by the Plaintiff with the Court, whereby the Plaintiff wholly discontinued the Litigation. The Litigation has no material impact on the business operation and the financial position of the Company.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021.

PROSPECT

As the world enters the third year of the pandemic, the economic recovery thus far has been encouraging, albeit challenging. The global economy has picked up gradually during the Year, but a resurgence of COVID-19 infections due to the emergence of the pandemic's Omicron variant has required a re-imposition of lockdowns, prolonging economic difficulties in affected countries and territories. Aligning with some developed Western economies, Singapore is moving forward to live alongside COVID-19, adapting to a "new normal" as its population now has much stronger protection against the virus than at any other point during the pandemic, thanks to high vaccine uptake and immunity levels, and public understanding of how to manage COVID-related risks.

The outlook for Singapore's external demand is expected to deteriorate slightly, given the tightening of restrictions in many economies, according to MTI, which will inevitably dampen market sentiment and expose the gradual recovery to potential downside risks. The country's GDP growth is forecasted to slow to 3%-5% in 2022.

Despite recurring COVID-19 outbreaks and potential virus mutations, construction demand for 2022 is expected to return almost to pre-COVID-19 levels. The BCA estimates that contracts worth between S$27 billion and S$32 billion will likely be awarded this year, around the same level recorded in 2019, of which 60% will be funded by the public sector as Singapore government continues to spend on infrastructure projects. Support from Singapore government and public infrastructure spending are expected to contribute to the revival of the construction industry in the medium term.

To cater for the expected strength of this demand, the Group will remain nimble and resilient to seize opportunities made available by its extensive experience and expertise. The Group expects to benefit from a strong pipeline of both private and public infrastructure projects, particularly the Mass Rapid Transit Cross Island Line projects. With a robust vaccination rate, Singapore has recently eased restrictions and opened its borders to welcome fully-vaccinated workers, which will help alleviate manpower shortages in the construction industry. The Group will allocate more resources and step up its efforts to hire high-quality labour in order to get delayed projects back on schedule and generate more income.

The Group's upgrade to A2-grade contractor status in July 2021 enables it to bid for large-scale and higher-margin projects in public and private sectors. The upgrade recognises the Group's strong capabilities, proven track record, experienced personnel and financial strength. The Group will continue to leverage its strong fundamentals and business resilience to pursue its strategic tendering approach, focusing on large infrastructure projects with increased profitability. Amid a recovery in the construction market, the Group secured seven earthworks and ancillary services projects, including the construction of sewerage at Tuas South, in the first quarter of 2022.

Alongside its focus on core business, the Group will also strive to explore investment opportunities in the industrial and commercial property markets to diversify risk, an approach exemplified by its recent investment in a joint-venture property redevelopment project. The Group will target projects with strong potential in prime locations, and will look forward to partnering with leading Singapore developers. The Group expects to generate favourable returns in the long run on the back of stable recurring rental income.

The Group remains cautiously bullish in its outlook for business development and the construction industry in general. Its impressive rebound in 2021 signalled a solid, ongoing resurgence of business and was a testimony to the success of its unwavering efforts, strong resilience and strategic optimisation to restore profitability despite economic uncertainty. Singapore's decision to co-exist with COVID-19 will boost the construction market amid challenging and uncertain economic conditions, disruptions to supply chains elsewhere and geopolitical issues leading to volatile energy prices.

To sustain profitability and diversify its income streams, the Group will concentrate on expansion and exploring business opportunities to consolidate its market position. Leveraging its extensive experience and professional credentials in the construction industry, the Group is confident that it will succeed in further enhancing its overall technical and service capabilities, and it remains dedicated to strengthening its market leadership, maximising returns for its shareholders.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 *S$'000*	2020 *S$'000*
Revenue	*4*	**85,416**	72,401
Cost of sales		**(81,079)**	(76,475)
Gross profit/(loss)		**4,337**	(4,074)
Other income and gains	*4*	**3,780**	7,218
Administrative and other operating expenses		**(5,835)**	(5,745)
Other expenses		**(6)**	(5,778)
Finance costs	*5*	**(439)**	(580)
Share of results of associates		**10**	–
Profit/(loss) before income tax	*6*	**1,847**	(8,959)
Income tax (expense)/credit	*7*	**(347)**	590
Net profit/(loss) attributable to owners of the Company		**1,500**	(8,369)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**–**	(55)
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income ("**FVOCI**") – Fair value losses		**(44)**	(270)
Other comprehensive loss, net of tax		**(44)**	(325)
Total comprehensive gain/(loss) for the year attributable to owners of the Company		**1,456**	(8,694)
Basic earnings/(loss) per share (cents)	*9*	**0.14**	(0.81)
Diluted earnings/(loss) per share (cents)	*9*	**0.13**	(0.81)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	**31 December 2021** **S$'000**	31 December 2020 S$'000	1 January 2020 S$'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		**15,217**	20,465	27,772
Investment property		**1,298**	1,310	1,322
Investment in associates		**7,587**	–	–
Other assets		**369**	367	364
Deposits, prepayments and other receivables		**138**	302	296
Financial assets at fair value through profit or loss ("**FVTPL**")		**7,104**	1,383	1,398
Financial assets at FVOCI		**925**	669	939
Financial assets at amortised cost		**250**	–	1,250
Deferred tax assets	7	**411**	825	326
Total non-current assets		**33,299**	25,321	33,667
Current assets				
Contract assets		**24,096**	28,685	26,399
Trade receivables	10	**18,736**	13,288	13,195
Deposits, prepayments and other receivables		**2,919**	3,935	9,947
Financial assets at amortised cost		**–**	1,250	–
Pledged deposits		**1,276**	3,392	3,359
Cash and cash equivalents		**31,514**	46,238	44,772
Total current assets		**78,541**	96,788	97,672
Total assets		**111,840**	122,109	131,339
Current liabilities				
Contract liabilities		**2,822**	4,316	3,088
Trade payables	11	**7,105**	11,297	10,695
Other payables, accruals and deposits received		**3,974**	2,541	3,385
Borrowings		**1,227**	704	–
Lease liabilities		**4,473**	7,973	12,229
Income tax payable		**–**	203	575
Total current liabilities		**19,601**	27,034	29,972

	Note	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Net current assets		**58,940**	69,754	67,700
Total assets less current liabilities		**92,239**	95,075	101,367
Non-current liabilities				
Other payables, accruals and deposits received		**7**	–	16
Borrowings		**3,069**	4,296	–
Lease liabilities		**2,656**	5,963	7,763
Deferred tax liabilities	*7*	**–**	–	245
Total non-current liabilities		**5,732**	10,259	8,024
Total liabilities		**25,333**	37,293	37,996
Net assets		**86,507**	84,816	93,343
EQUITY				
Equity attributable to owners of the Company				
Share capital		**1,767**	1,807	1,807
Reserves		**84,740**	83,009	91,536
Total equity		**86,507**	84,816	93,343

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Share capital *S$'000*	Share premium* *S$'000*	Merger reserve* *S$'000*	Share option reserve* *S$'000*	Translation reserve* *S$'000*	Fair value reserve* *S$'000*	Retained profits* *S$'000*	Total *S$'000*
At 1 January 2020 (HKFRS framework)	1,807	27,860	5,166	–	(556)	(304)	59,370	93,343
Effects of adoption of IFRS *(Note 2.1)**	–	–	–	–	556	–	(556)	–
At 1 January 2020 (IFRS framework)	1,807	27,860	5,166	–	–	(304)	58,814	93,343
Loss for the year	–	–	–	–	–	–	(8,369)	(8,369)
Other comprehensive loss:								
Changes in fair value of financial assets at FVOCI	–	–	–	–	–	(270)	–	(270)
Exchange difference arising on translation	–	–	–	–	(55)	–	–	(55)
Total comprehensive loss for the year	–	–	–	–	(55)	(270)	(8,369)	(8,694)
Equity-settled share option arrangements	–	–	–	167	–	–	–	167
At 31 December 2020 (IFRS framework)	1,807	27,860	5,166	167	(55)	(574)	50,445	84,816
Effects of change in functional currency *(Note 2.1)**	(40)	(610)	–	(7)	55	–	476	(126)
At 1 January 2021 (IFRS framework)	1,767	27,250	5,166	160	–	(574)	50,921	84,690
Profit for the year	–	–	–	–	–	–	1,500	1,500
Other comprehensive loss:								
Changes in fair value of financial assets at FVOCI	–	–	–	–	–	(44)	–	(44)
Total comprehensive (loss)/gain for the year	–	–	–	–	–	(44)	1,500	1,456
Equity-settled share option arrangements	–	–	–	361	–	–	–	361
At 31 December 2021	1,767	27,250	5,166	521	–	(618)	52,421	86,507

* These reserve accounts comprise the consolidated reserves of S$84,740,000 (31 December 2020: S$83,009,000; 1 January 2020: S$91,536,000) in the consolidated statement of financial position as at 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

1. GENERAL INFORMATION

Chuan Holdings Limited (the "**Company**") is a limited liability company incorporated and domiciled in Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands, and the principal place of business of the Company in Singapore is located at 20 Senoko Drive, Singapore 758207.

The Company is an investment holding company. The Group is principally engaged in the provision of general building and construction services in Singapore.

As at the date of this report, in the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Brewster Global Holdings Limited, which is incorporated in British Virgin Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (the "**IFRSs**") issued by International Accounting Standards Board (the "**IASB**") and the disclosures requirement of the Hong Kong Companies Ordinance.

For all periods up to and including the year ended 31 December 2020, the consolidated financial statements of the Group had been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**"). The Group subsequently adopted the IFRS on 1 January 2021. Accordingly, the Group has prepared consolidated financial statements that comply with the IFRS applicable as at 31 December 2021, together with the comparative period data for the year ended 31 December 2020, as described in the summary of significant accounting policies. On preparing the consolidated financial statements, the Group's opening financial position was prepared as at 1 January 2020, being the Group's date of transition to the IFRS.

IFRS allows first-time adopters exemptions from the retrospective application of certain requirements under the IFRS. The Group has applied the exemption whereby the cumulative translation reserve for all foreign operations is deemed to be zero at the date of transition, 1 January 2020. As a result, the cumulative translation reserve amount of S$556,000 was adjusted against the opening retained profits as at 1 January 2020.

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

The consolidated financial statements are presented in Singapore Dollars (“**SGD**” or “**S$**”) and all values are rounded to the nearest thousand (“**SGD’000**” or “**S$’000**”), except where otherwise stated.

The functional currency of the Company has changed from Hong Kong Dollars (“**HKD**” or “**HK$**”) to SGD in the current financial year. SGD is also the functional currency of all the subsidiaries of the Group and better reflects the economic substances of the current year’s events and circumstances relevant to the Company. It is also the currency of the primary economic environment in which the Company operates in. The change in functional currency is applied prospectively in the current financial year with effect from 1 January 2021.

2.2 Changes in accounting policies

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

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1: *Classification of Liabilities as Current or Non-Current*	1 January 2023
Amendments to IAS 8: *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosures of Accounting Policies*	1 January 2023
Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

3. OPERATING SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group determines its operating segments based on the reports reviewed by chief operating decision maker ("**CODM**") that are used to make strategic decisions. Consolidated financial statements reported to the CODM, based on the following segments:

a) Provision of earthworks and related services, mainly include excavation, earth disposal, demolition and various earthwork ancillary services (collectively referred as "**Earthworks and ancillary services**"); and

b) Provision of general construction works, mainly include construction of new buildings, alternation and addition works (collectively referred as "**General construction works**").

Segment revenue and results

Segment revenue below represents revenue from external customers. There were no inter-segment revenue during the years ended 31 December 2021 and 31 December 2020. Operating revenue, direct costs, gain on disposals of property, plant and equipment (including plant and machinery and motor vehicles), interest expenses on leases liabilities, provision for ECL on trade receivables and bad debts recovered, are allocated to different segments to assess corresponding performance.

The segment revenue and results, and the totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements are as follows:

	Earthworks and ancillary services *S$'000*	General constructions works *S$'000*	Total *S$'000*
2021			
Revenue from external customers	**71,438**	**13,978**	**85,416**
Reconciliation:			
Reportable segment results	**4,509**	**216**	**4,725**
Unallocated other income and gains			**3,042**
Corporate and other unallocated expenses			**(5,834)**
Interest on borrowings			**(96)**
Share of results of associates			**10**
Profit before income tax			**1,847**
2020			
Revenue from external customers	52,772	19,629	72,401
Reconciliation:			
Reportable segment results	(4,028)	1,029	(2,999)
Unallocated other income and gains			5,080
Corporate and other unallocated expenses			(10,979)
Interest on borrowings			(61)
Loss before income tax			(8,959)

Corporate and other unallocated expenses mainly included directors' emoluments, employee benefits expenses, depreciation of office equipment, provision for ECL on other receivables and other centralised administrative cost for the Group's headquarter.

Segment assets and liabilities

Reportable segment assets

The following is an analysis of the Group's segment assets by reportable and operating segment:

	31 December 2021 *S$'000*	31 December 2020 *S$'000*	1 January 2020 *S$'000*
Earthworks and ancillary services	**49,433**	49,079	58,762
General construction works	**8,790**	12,515	7,602
Total	**58,223**	61,594	66,364
Additions to non-current segment assets:			
Earthworks and ancillary services	**5,908**	2,565	10,794
Total	**5,908**	2,565	10,794

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	31 December 2021 *S$'000*	31 December 2020 *S$'000*	1 January 2020 *S$'000*
Reportable segment assets	**58,223**	61,594	66,364
Unallocated property, plant and equipment	**393**	621	561
Unallocated right-of-use assets	**226**	411	522
Financial assets at FVTPL	**7,104**	1,383	1,398
Financial assets at amortised cost	**250**	1,250	1,250
Financial assets at FVOCI	**925**	669	939
Investment property	**1,298**	1,310	1,322
Other assets	**369**	367	364
Deferred tax assets	**411**	825	326
Pledged deposits	**1,276**	3,392	3,359
Cash and cash equivalents	**31,514**	46,238	44,772
Investment in associates	**7,587**	–	–
Corporate and other unallocated assets	**2,264**	4,049	10,162
Group assets	**111,840**	122,109	131,339

Corporate and other unallocated assets mainly included deposits, prepayments, other receivables due from related parties and advance payment to suppliers.

Reportable segment liabilities

The following is an analysis of the Group's segment liabilities by reportable and operating segment:

	31 December 2021	31 December 2020	1 January 2020
	S$'000	*S$'000*	*S$'000*
Earthworks and ancillary services	**15,652**	24,404	29,308
General construction works	**1,225**	4,801	4,045
Total	**16,877**	29,205	33,353

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	31 December 2021	31 December 2020	1 January 2020
	S$'000	*S$'000*	*S$'000*
Reportable segment liabilities	**16,877**	29,205	33,353
Borrowings	**4,296**	5,000	–
Deferred tax liabilities	**–**	–	245
Corporate and other unallocated liabilities	**4,160**	3,088	4,398
Group liabilities	**25,333**	37,293	37,996

Corporate and other unallocated liabilities mainly included accruals for employee benefit expenses, and payables of office operating expenses and utilities.

Other segment information

	Earthworks and ancillary services *S$'000*	General construction works *S$'000*	Unallocated *S$'000*	Total *S$'000*
2021				
Gain on disposals of property, plant and equipment	**467**	**–**	**–**	**467**
Fair value gain on financial assets at FVTPL	**–**	**–**	**422**	**422**
Depreciation of property, plant and equipment	**8,925**	**8**	**284**	**9,217**
Bad debts recovered	**270**	**1**	**–**	**271**
Reversal of ECL on contract assets	**(178)**	**(35)**	**–**	**(213)**
Provision for ECL on trade receivables	**38**	**182**	**–**	**220**
Finance costs	**343**	**–**	**96**	**439**
Interest income	**–**	**–**	**47**	**47**
Share of results of associates	**–**	**–**	**10**	**10**
2020				
Gain on disposals of property, plant and equipment	475	–	–	475
Fair value loss on financial assets at FVTPL	–	–	15	15
Depreciation of property, plant and equipment	9,004	24	314	9,342
Bad debts recovered	1,320	–	–	1,320
Provision for ECL on contract assets	66	116	–	182
Provision for ECL on trade receivables	346	17	–	363
Provision for ECL on other receivables	–	–	5,217	5,217
Finance costs	519	–	61	580
Interest income	–	–	563	563

Geographical information

The Group's non-current assets are all based in Singapore. No geographical information is presented for the Group's business segment as the Group is principally engaged in projects within Singapore. The Group's non-current assets are also all based in Singapore. Accordingly, the Group's revenue is all derived from customers located in Singapore.

Revenue from customers for the year over 10% of the Group's total revenue is as follows:

	2021	2020
	S$'000	*S$'000*
Customer A – attributable to Earthworks and ancillary services	**18,214**	11,173
Customer B – attributable to Earthworks and ancillary services	**9,105**	N/A
Customer C – attributable to General construction works	**N/A**	8,344
Customer D – attributable to General construction works	**N/A**	7,964

N/A *Transactions during the year did not exceed 10% of the Group's revenue.*

4. REVENUE, OTHER INCOME AND GAINS

a) Revenue, which is also the Group's turnover, represents revenue from Earthworks and ancillary services and General construction works. Revenue recognised from the principal activities during the year is as follows:

	Revenue from external customers	
	2021	2020
	S$'000	*S$'000*
Revenue from contracts with customer and recognised over time:		
Earthworks and ancillary services	**71,438**	52,772
General construction works	**13,978**	19,629
	85,416	72,401

Earthworks and ancillary services include revenue of S$66,105,000 (2020: S$48,384,000) from earthworks and S$5,333,000 (2020: S$4,388,000) from earthwork ancillary services.

b) Transaction price allocated to remaining performance obligations

As at 31 December 2021, the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) in relation to project works are S$228,269,000 (2020: S$183,552,000). The directors of the Company expect that the unsatisfied performance obligations will be recognised as revenue from 1 to 5 years according to the contract period.

c) An analysis of the Group's other income and gains during the year is as follows:

	2021	2020
	S$'000	*S$'000*
Other income		
Management service income	**292**	234
Interest income from financial assets at amortised cost	**47**	563
Bad debts recovered	**271**	1,320
Rental income from investment property	**112**	109
Dividend income from financial assets at FVOCI	**28**	51
Sales of scrap materials and consumables	**262**	270
Government grants	**1,315**	4,067
COVID-19 related rent concession	**–**	65
Others	**6**	64
	2,333	6,743
Gains		
Gain on disposals of property, plant and equipment	**467**	475
Gain on re-measurement of lease liabilities	**13**	–
Fair value gain on financial assets at FVTPL	**422**	–
Net foreign exchange gain	**545**	–
	1,447	475
Total	**3,780**	7,218

The Group received funding support from Singapore government. The entitlement of the government grants is under the discretion of the relevant government bureaus. Included within the government grants for the year ended 31 December 2021 are S$574,000 (2020: S$1,382,000) of Foreign Worker Levy rebates, S$416,000 (2020: S$3,084,000) of Job Support Scheme ("**JSS**") and Nil (2020: S$629,000) of COVID-Safe Project-based Support. JSS is a temporary scheme to help enterprises impacted by COVID-19 to retain local employees. Under JSS, employers receive cash grants in relation to gross monthly wages of eligible employees paid. The purpose of the above-mentioned government grants programs are to support the payroll of the Group's employees and help construction firms defray part of the Group's costs during the COVID-19 pandemic. The Group does not have other unfulfilled obligations relating to these programs.

5. FINANCE COSTS

	2021	2020
	S$'000	*S$'000*
Interest expenses from financial liabilities at amortised cost:		
– Interest on lease liabilities	**343**	519
– Interest on borrowings wholly repayable within five years	**96**	61
	439	580

6. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging/(crediting):

	Note	**2021**	2020
		S$'000	*S$'000*
Auditor's remuneration		**190**	181
Depreciation of property, plant and equipment	*(i)*	**9,217**	9,342
Depreciation of investment property	*(ii)*	**12**	12
Direct operating expenses arising from investment property that generated rental income		**17**	13
Net foreign exchange (gain)/loss		**(545)**	78
Employee benefit expenses (including directors' remuneration):			
– Salaries, wages and bonuses		**17,653**	14,738
– Equity-settled share option expense		**361**	167
– Defined contribution retirement plan		**664**	669
– Other short-term benefits		**2,760**	1,453
(Reversal of)/provision for ECL on contract assets *(Note 10)*		**(213)**	182
Provision for ECL on trade receivables		**203**	363
Provision for ECL on other receivables		**–**	5,217
Reversal of ECL on other assets		**(2)**	(3)
Fair value (gain)/loss on financial assets at FVTPL		**(422)**	15

Notes:

(i) Depreciation of property, plant and equipment amounted to S$8,933,000 (2020: S$9,036,000) has been included in direct costs and S$284,000 (2020: S$306,000) in administrative and other operating expenses during the year.

(ii) Depreciation of investment property has been included in administrative and other operating expenses.

7. INCOME TAX EXPENSE/(CREDIT)

a) Income tax

	2021	2020
	S$'000	*S$'000*
Current tax – Singapore income tax		
Charge for the year	**–**	67
(Over)/under provision for prior year	**(67)**	87
	(67)	154
Deferred tax		
Charge/(credit) for the year due to origination and reversal of temporary differences *(Note (b))*	**414**	(744)
Income tax expense/(credit)	**347**	(590)

Singapore income tax has been provided at the rate of 17% on the estimated assessable profits.

The income tax expense/(credit) for the year can be reconciled to the profit/(loss) before income tax per the consolidated statement of comprehensive income as follows:

	2021	2020
	S$'000	*S$'000*
Profit/(loss) before income tax	**1,847**	(8,959)
Less: Share of results of associates	**(10)**	–
	1,837	(8,959)
Tax at statutory tax rate of 17%	**312**	(1,523)
Enhanced tax allowances, exemptions and rebates	**–**	(60)
Non-deductible expenses	**203**	1,117
Income not subject to tax	**(141)**	(353)
Effect of tax due to different jurisdiction	**9**	–
(Over)/under provision for prior years	**(67)**	87
Utilisation of previously unrecognised deferred income tax benefits	**(257)**	–
Tax loss disregarded	**285**	–
Tax loss not recognised	**–**	284
Effect of temporary differences	**–**	(142)
Others	**3**	–
Income tax expense/(credit)	**347**	(590)

As at 31 December 2020, the Group has unutilised estimated tax losses of S$1,671,000 available for offset against future profits. No deferred tax asset has been recognised in respect of the unutilised estimated tax losses due to the unpredictability of future profit stream. The unutilised estimated tax losses can be carried forward indefinitely.

b) Deferred tax

The movements in deferred tax liabilities and assets during the year are as follow:

Deferred tax (liabilities)/assets

	Accelerated tax depreciation	Leases	Impairment loss	Unutilised leave	Unutilised losses	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
At 1 January 2020	(245)	12	314	–	–	81
Credit/(charge) to profit or loss for the year *(Note (a))*	917	(5)	(168)	–	–	744
At 31 December 2020	672	7	146	–	–	825
(Charge)/credit to profit or loss for the year *(Note (a))*	(642)	13	28	55	132	(414)
At 31 December 2021	30	20	174	55	132	411

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December 2021	31 December 2020	1 January 2020
	S$'000	*S$'000*	*S$'000*
Deferred tax assets	**411**	825	326
Deferred tax liabilities	**–**	–	(245)

8. Dividends

No dividend has been declared or paid by the Company during the year ended 31 December 2021 (2020: Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2021 is based on the profit for the year of S$1,500,000 (2020: loss of S$8,369,000) and on the weighted average number of 1,036,456,000 (2020: 1,036,456,000) ordinary shares in issue during the year ended 31 December 2021.

The calculation of diluted earnings per share for the year ended 31 December 2021 is based on the profit for the year of S$1,500,000 and on the weighted average number of ordinary shares adjusted for the effects of dilution from the Group's share options of 1,126,044,000. For the year ended 31 December 2020, there is no dilutive effect on the impact of the exercise of the share options as they are anti-dilutive.

10. TRADE RECEIVABLES

	Note	**31 December 2021** *S$'000*	31 December 2020 *S$'000*	1 January 2020 *S$'000*
Trade receivables		**19,516**	14,252	14,663
Retention receivables		**557**	441	894
	(a)	**20,073**	14,693	15,557
Less: Provision for ECL on trade receivables and retention receivables		**(1,337)**	(1,405)	(2,362)
	(b)	**18,736**	13,288	13,195
Total trade receivables, net				
– Non-related parties		**17,684**	11,719	11,651
– Related parties	*(c)*	**1,052**	1,569	1,544
		18,736	13,288	13,195

Notes:

(a) During the year, credit period granted to the Group's customers generally within 30 (2020: 30) days from invoice date of the relevant contract revenue. Some construction contracts stipulate that the customers withhold a portion of total contract sum (usually 5%) until a specified period (usually 1 year) after completion of the contract. Retention receivables are unsecured and interest-free.

(b) Based on invoice date, ageing analysis of the Group's trade receivables is as follows:

	31 December 2021	31 December 2020	1 January 2020
	S$'000	*S$'000*	*S$'000*
0 to 30 days	**8,586**	7,552	8,879
31 to 90 days	**7,851**	3,834	2,533
91 to 180 days	**712**	775	604
181 to 365 days	**311**	23	518
Over 365 days	**983**	932	449
	18,443	13,116	12,983
Retention receivables	**293**	172	212
	18,736	13,288	13,195

Ageing analysis of the Group's trade receivables that are not impaired is as follows:

	31 December 2021	31 December 2020	1 January 2020
	S$'000	*S$'000*	*S$'000*
Neither past due nor impaired	**8,586**	7,552	8,879
1 to 30 days past due	**4,615**	2,864	1,705
31 to 90 days past due	**3,622**	1,258	1,018
91 to 180 days past due	**395**	488	440
181 to 365 days past due	**242**	942	879
Over 365 days past due	**983**	12	62
	18,443	13,116	12,983
Retention receivables	**293**	172	212
	18,736	13,288	13,195

The Group's trade receivables as at the reporting dates that were neither past due nor impaired for whom there was no recent history of default. The Group's management considers that trade receivables that were past due but not impaired under review are of good credit quality. The Group does not hold any collateral in respect of trade receivables past due but not impaired.

Movement in the provision for ECL on trade receivables:

	2021	2020
	S$'000	*S$'000*
Balance at beginning of the year	**1,405**	2,362
Provision for ECL, net	**220**	363
Bad debts recovered	**(271)**	(1,320)
Written off	**(17)**	–
Balance at end of the year	**1,337**	1,405

(c) The receivables from these related parties are unsecured, interest free and repayable on demand.

	31 December	31 December	1 January
	2021	2020	2020
	S$'000	*S$'000*	*S$'000*
Trade receivables	**1,085**	1,602	1,592
Less: Provision for ECL	**(33)**	(33)	(48)
	1,052	1,569	1,544

11. TRADE PAYABLES

	Note	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
Trade payables	*(a)*	**6,701**	10,705	10,556
Retention payables		**404**	592	139
		7,105	11,297	10,695
Total trade payables				
– Non-related parties		**7,006**	10,213	9,573
– Related parties		**99**	1,084	1,122
		7,105	11,297	10,695

Note:

(a) The Group's trade payables are non-interest bearing and generally have payment terms of 30 days.

Ageing analysis of trade payables, based on invoice date, is as follows:

	31 December 2021 S$'000	31 December 2020 S$'000	1 January 2020 S$'000
0 to 30 days	**4,645**	8,869	8,030
31 to 90 days	**1,482**	1,818	1,351
91 to 180 days	**420**	49	472
Over 180 days	**558**	561	842
	7,105	11,297	10,695

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Shares by the Company or any of its subsidiaries during the Year.

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors, following specific enquiries made by the Company, have confirmed that they complied with the standard as required in the Model Code during the Year.

The Company has also adopted a written code of conduct regarding securities transactions by its relevant employees (including all employees of the Company and all directors and employees of the Company's subsidiaries and its holding company who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities) (the "**Relevant Employees**") on terms no less exacting than the required standard set out in the Model Code. All Relevant Employees have been requested to follow such code when dealing in the securities of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles in and adopted all the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code on corporate governance practices.

Throughout the Year, the Company complied with all the Code Provisions of the CG Code applicable for the Year, with the deviation that during the period between 1 January 2021 and 18 April 2021, the Nomination Committee was not chaired by the chairman of the Board or an independent non-executive Director as required under the Code Provision A.5.1 of the CG Code. With effect from 19 April 2021, Mr. Lim Kui Teng, the former chairman of the Board and an executive Director, has retired as the chairman of the Nomination Committee and Mr. Phang Yew Kiat, the chairman of the Board and a non-executive Director, has been appointed as the chairman of the Nomination Committee. Since then, the Company has complied with the Code Provision A.5.1 of the CG Code.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and policies adopted by the Group and the annual results for the year ended 31 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

During the Year and up to the date of this announcement, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient amount of public float for the Shares as required under the Listing Rules.

PUBLICATION OF ANNUAL REPORT

The 2021 Annual Report containing all applicable information required by the Listing Rules will be despatched to the Shareholders and available on the websites of the Stock Exchange and the Company respectively in due course.

EVENTS AFTER THE END OF THE YEAR

Save as the events disclosed below, the Directors confirm that there has been no significant event affecting the Group after 31 December 2021 and up to the date of this announcement:

(a) At an extraordinary general meeting held on 26 January 2022, the continuing connected transaction contemplated under a supplemental agreement dated 14 September 2021 entered into between Chuan Lim (for and on behalf of the Group) and Golden Empire Civil Engineering Ptd. Ltd. was approved by the independent Shareholders. For further details, please refer to the announcement of the Company dated 26 January 2022; and

(b) On 10 February 2022, the Company received a copy of a notice of discontinuance filed by the Plaintiff with the Court, whereby the Plaintiff wholly discontinued the Litigation, details of which are set out in section headed “Litigation against the Group” above. The Litigation has no material impact on the business operation and the financial position of the Company.

SCOPE OF WORK OF ERNST & YOUNG LLP

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young LLP, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by the Company's auditors on this announcement.

APPRECIATION

The Board would like to express its gratitude to all the customers, management and staff of the Group, as well as the business partners and the Shareholders for their continuous support.

By order of the Board
Chuan Holdings Limited
Phang Yew Kiat
Chairman and Non-executive Director

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises Mr. Lim Kui Teng, Mr. Quek Sze Whye, Mr. Bijay Joseph and Mr. Lau Yan Hong as executive Directors; Mr. Phang Yew Kiat as non-executive Director; and Mr. Chan Po Siu, Mr. Wee Hian Eng, Cyrus and Mr. Xu Fenglei as independent non-executive Directors.